

Miners warn review may discourage investors

by Ann Taylor

MINING companies are concerned that the Government's review of the Mining Act will hinder their operations and divert further overseas investment.

Environmental groups are anxious that the review has assumed Energy Minister Bill Birch's right to the final say in granting mining rights.

Miners, in contrast, are apprehensive that removal of the automatic right to mine, which now goes hand-in-glove with a prospecting licence, will discourage further interest and investment.

Companies already operating

here will try to protect their investment and retain a presence, but new and tentative ones "just won't come in", according to John Lawrey, president of the Mineral Explorers Association and director of Gold Mines of NZ Ltd.

He said companies already had to get through "the grips" of the present legislation. Further frustrations and "the inordinate costs involved" would turn overseas companies away and inhibit local ones "which just couldn't cope with the system".

Lawrey said his association had been "out-communicated" by environmental groups.

He also pointed to the

volatility of the two marginal National Party seats on the Coromandel Peninsula, where Social Credit forerunners are riding on an anti-mining platform.

Overseas-operated companies would not get bigger budgets if the new legislation made it more difficult to mine, said Lawrey, whose company has spent \$3 million here and is operating on \$1 million a year.

Gold Mines has "tended to be favoured" in the queue for money by its parent company, Anglo America, because the "expectancy of potential" has grown and the price of gold is high.

"We should be drilling by

now" at Kusotuna Peninsula on the Coromandel, but "environmental organisations object to every case", Lawrey said.

A High Court hearing on June 22 will rule on the admissibility of evidence to a Thames District Court hearing of objections to that prospecting licence.

The appeal has enforced a virtual moratorium on all prospecting licences.

Lawrey told NBR the association had written to Birch, expressing concern at the weakening of the exploration licence concept and the strengthening of town planning control over mining and prospecting.

He said only the Government could act in the national interest, free from sectional interests which were leaving a company impotent.

Miners had also been "shut out of the Alps by the war and could not proceed with exploration in the Fiordland National Park, he said.

'Excess' Australian profits challenged

AGITATION for the imposition of a secondary profits tax on the Australian mining industry is based on the notion

that the industry earns "excessive profits". But figures recently released by the Australian Mining Industry

Council seriously challenge this assumption.

According to the published surveys of a management consulting firm, the details of the mean and median returns of Australian shareholders last year reveal nothing to suggest excessively high profits by the mining industry, between four of the five years 1976-1977/78, the mining industry median was lower than the industry median.

An independent survey of mining companies for the year 1979/80 also shows that it is the respondents made up of at least because they were in exploration phase, while the respondents who were in production phase made losses.

Net profit from the group was only \$4874 million from a total revenue of \$4645 million.

The difference was made up as follows:

- \$A4942 million in depreciation, labour, government services, depreciation, amortisation, interest, and change losses (gains) and secondary taxes;
- \$A1013 million in direct taxes (income tax, mineral royalties, tenements and mining licence fees, and coal export duty); and
- \$A1 million, being the balance between extraordinary losses and gains.

The Australian Mining Industry Council says the comparison of profitability which cannot be accused of bias is that afforded by the longer returns to investors, it is dictated by share price and dividends.

The council warns that if the possibility of a high return is removed, without any corresponding lessening of the risk of loss, then investment in the Australian mining industry will cease.

incorporating Admark

80 cents

Inside

THE WEEK
Muldoon takes threats of wage controls on his travels — Page 2
Exit Melt Thompson from Sybus — Page 3
Cua poised for \$10 million public float — Page 5

COMMENT
Editorial, Brockie's view. Without word of a lie — Page 6
Transnationals and CER — Page 7
Letters to the editor — Pages 8

POLITICS



Sir Owen Woodhouse's vision and the hinge of history — Page 9

ECONOMICS
The case for CER — Page 11

AGRICULTURE
Hara-raising red tape — Page 12

FINANCE
The perils of "being in" at a price — Page 13

OVERSEAS TRADE
Big "maybe" about Sinai aviation — Page 18
A "no" for Tahiti trade fair — Page 17

BUSINESS
Analysing annual accounts: Radio Avon — Page 19

TRANSPORT
The great urea road-rail debate — Page 20

ENVIRONMENT
Link, the lobbies and mining — Page 21

ADMARK
Labour jumps the gun — Page 23

INSURANCE
Life offices take on Templeton — Page 24

RESOURCE DEVELOPMENT
The case for solar power — Page 26

TAXATION
Lamington answers its critics — Page 28

PLASTICS
CER and taxes — Pages 28, 31

NATIONAL BUSINESS REVIEW

FCL putting hooks into small-fry fish exporters

by Attan Parker

THE controversial joint-venture fishing programme has hit more stormy water as Fletcher Fishing Ltd, part of the Fletcher Challenge group, of trying to squeeze them out of export markets.

Fletcher Fishing Ltd dominates the joint-venture industry under which New Zealand and foreign fishing partners join forces to exploit our deep-water fisheries.

It operates 11 of the 21 joint ventures fishing in New Zealand. And through its merger with Challenge, it holds at least two more licences granted to Wrightson NMA for joint ventures with Spanish vessels, but never activated.

Now the company has suggested that joint-venture operators should not sell their catches to the processors. That would keep the small processors out of overseas markets.

The proposition is said to have been put to the other joint-venture operators in a letter on May 9.

Included in the plan was the statement: "Don't sell surplus head and gutted stock to small processors in New Zealand, thereby increasing the number of companies marketing fillets."

"Better to sell H and G (head

and gutted but non-filleted) products to your foreign joint-venture partner at a price so that landed Australian cost equates with New Zealand producers' cost."

The company suggested it would be better to sell fish to processors under what is known in the industry as "toll process".

Under this arrangement, the joint venture operators would employ on-shore processors to fillet and pack the semi-processed fish — mainly orange roughy (sold as deep sea perch) — for the joint-venture operator on a fee basis. The joint venture operator would then keep marketing control of the product.

Joint-venture licences insist that a certain percentage of the catch must be landed in New Zealand for on-shore processing.

According to industry sources, the Fletcher telex detailed suggested pricing structures for the Australian market.

The sources told NBR copies of the telex were freely circulating in the Australian industry, upsetting marketing advantages for New Zealand export salesmen.

The smaller New Zealand processors rely on joint-venture supplies to supplement their

processing from in-shore domestic fishermen and keep their factories operating. They regard the Fletcher proposal as a direct threat to their existence.

Said one processor: "They (Fletcher Fishing Ltd) are in the process of trying to crush us."

Another processor said Fletcher Fishing Ltd was "trying to wield the big stick" but was not taking any risk because it could still sell overseas through its Soviet joint-venture partner.

"They not only get Soviet fish at a cheap price but they are trying to keep us out," he alleged.

The Soviet joint venture in New Zealand deep-sea water has already become controversial after charges that Soviet-caught fish is being used to undercut New Zealand fish exports.

The Fishing Industry Board last week confirmed it was investigating the complaint about sales on the Australian market. And the Ministry of Agriculture and Fisheries said it was looking into charges that Soviet-caught squid was undercutting New Zealand sales on the Spanish market, creating a Spanish backlash.

The entire joint-venture programme has come under increasing attack from local fishermen.

The dominant feature of the Commercial Fishermen's Federation conference in Auckland late last month was the bitter attitude of domestic fishermen to joint ventures.

The row over the Fletcher proposal will not ease the fears of local fishermen that their industry is secure from economic challenge by the joint-venture operators.

Efforts late last week to get a Fletcher Fishing Ltd response to the claims of the processors were unsuccessful. Managing director Eric Henry was away from his Auckland office.

But NBR understands the Fletcher proposal was made to maintain an "orderly" market without too many small fry disrupting the market by price undercutting and over-supply.

It has also been claimed that response from the other joint ventures has been limited — only about four companies replied — and, according to one source, "on the whole very negative" to the proposal.

Sources within the industry suggest Fletcher did not really expect a totally positive response, but had hoped in some of the minds of the operators.



ISLAND TRADER

To trade in the islands successfully depends very much on how you choose to fly. That's why so many New Zealand businessmen choose Air Pacific.

To the number one investment area, Fiji, we provide two gateways. Direct to Nadi and direct to the capital, Suva. From Fiji our route map spreads out to Tahiti in the east, and Australia to the west.



AIR PACIFIC
Your Island in the sky

With fast and frequent connections to all the major trading territories in between.

And with an Air Pacific Frequent Traveller Card, you have the key to special privileges that make business travel easier.

Air Pacific. Not only do we make business in the island more efficient, we make it more fun.

Ask your travel agent to put some of Island in the Sky magic into your next business trip to the islands.

17%
on insured 1st mortgages for 3 years
17 1/2%
Per annum on insured 2nd mortgages for 3 years
Other terms and conditions available.
For brochure write P.O. Box 258, Auckland 1
Phone 34 439

AM
Allied Mortgage Guarantee Co. Ltd
Professional Mortgage Managers & Insurers

Neither side wins in mining changes

by Ann Taylor

CHANGES to the Mining Act are unlikely to please either miners or environmentalists.

The automatic right to mine has been removed, but the Minister of Energy's overriding powers have been retained, in proposed amendments which NBR understands were prepared for Cabinet consideration.

The contentious section of the present Act which has allowed prospectors the automatic right to mine is to be repealed and replaced with "a right in priority" which could be held for three years.

This right would be accorded at the Minister's discretion, taking into account the money spent and diligence exercised during prospecting.

Minlog interests are likely to be further perturbed by the proposed transitional procedures for licences already in the pipeline. Applications for prospecting licences not already decided will be subject to the new legislation.

The right of exchange will

continue for prospecting licences granted before the new legislation takes effect.

Rumours before Christmas that the legislation might be tightened led to a rush of applications to the mines division of the Ministry of Energy by local and overseas-based companies.

The Minister's right to the final say is not specifically addressed in the proposed amendments, NBR understands, but licence applications would become subject to a section of the Act which allows him to grant licences and set conditions as he sees fit.

The Minister would also be vested with the power to vary or alter conditions at any time, for any reason in relation to mining licences.

"The Act would require a bond to be lodged by licence-holders to secure their compliance with the law. They would also be required to pay compensation for land they took."

The proposed procedures for mining licences would include

Continued on Page 6

Are you sold out or just out sold?

Training in professional selling to give you the marketing edge.

Can salesmanship be taught? Until recently, many businesses assumed that a salesperson was something you were, not something you became. The old is out. And positive proof exists that salesmanship can be taught. Pacific Consulting can improve your sales through training. Retail, industrial, consumer service personnel — if you aim for MORE SALES AND HAPPIER CUSTOMERS, Pacific Consulting can train your people to do it better. Maybe your competition has adopted the highly scientific approach to improving sales performance from Pacific Consulting. Maybe that's why you're taking business away from us. Make a marketing decision right now and complete the coupon for more information — without obligation and maybe next cycle you'll be selling out!

PACIFIC CONSULTING GROUP

Sharpening the marketing edge

Pacific Consulting Group Limited
P.O. Box 8854
Auckland

I am interested in finding more about Pacific Consulting training. Please get in touch.

Name _____
Title _____
Company _____
Address _____
Postcode _____
Phone _____

PACIFIC CONSULTING GROUP LTD
10th Floor, Level 10, 100 Queen Street, Auckland 1
Phone 377 767, 377 767

Wage control threats go west — along with Muldoon

by Ann Taylor

THREATS to impose wage controls last week seemed as ephemeral as the Paris springtime in Paris where Prime Minister Rob Muldoon is headed this week.

After last Tuesday's breakdown in wage-tax trade-off talks, Muldoon said Cabinet would make a decision. On Thursday, the decision turned out in caucus to be "to do what we're going to do, which is nothing".

Threats to impose wage controls or a freeze, which presumably would lead to a price freeze, met with a letter-writing and lobbying campaign from the Employers, Retailers and Manufacturers Federations, Federated Farmers, and the Chambers of Commerce. Those groups were unanimous

that wage controls "are the strait-jacket we just don't want at the moment".

Muldoon's inaction ensures his sovereignty over the Budget. "If he'd accepted the FOL's 8 per cent as the first negotiating figure on the table, he'd appear to be haggling his Budget with them," said one official source.

Employers say the FOL was "slightly unrealistic" in "looking for a right of veto on the size of a tax cut". The FOL saw 8 per cent as a base line from which to negotiate, as necessary, to neutralise fiscal drag — the effect of inflation in pushing up wages into higher tax brackets and eroding take-home pay.

No industrial settlements are due to be made before the Budget, and the state of the tripartite talks indicate that the

ball is firmly back in the Prime Minister's court.

One employer told NBR that Muldoon "should just go ahead and make a tax cut in the Budget and leave its translation through to the wage round to be dealt with in collective bargaining".

Both employers and unions regard as an irony the prospect of wage controls or a tax cut, in the traditional Budget slot, as the outcome of 18 months' talk with the Government on wage-fixing reforms.

The Arbitration Court's 5 per cent wage order three weeks ago drew the first threats of wage controls. The "matter of judgment rather than statistics" ensued from last year's wage accord, which in turn arose from the tripartite discussions agreed to as part of the Kiriath settlement package.

The understanding then had been that it would make up for slippage, and therefore would be separate from this year's wage round. Last year's claims were considered "reasonable" on the understanding that the Remuneration Act would be repealed and that the court would hear the union's case for a cost-of-living adjustment.

Muldoon's about-face on that decision was "a deliberate attempt to confuse things," one source argued. But when legal opinion punctured his case, evidence emerged to indicate he retreated.

It seems that few of the parties involved expected the order to be so high. But unless there are different indications from the FOL, the unions seem set to file full claims, intent on treating the wage order as a retrospective catch-up.

Dairy workers, first up in the

wage round, will "divorce" their claims from the Arbitration Court decision which national secretary Rob McMillan said "belongs to the past".

"If some other policy comes out of the reinstated meetings we will be taking that in to account," he said. "At this stage we're looking at a claim higher than 16 per cent... after all, you can only go down".

And the drivers, whose claims will be heard next, are going in to "unrestricted negotiations". Union secretary Stewart McCaffrey said the Government's reaction to the wage order was "typical of the way things are materialising".

"Muldoon tests the water one way, then the other," he said.

The drivers will be pursuing claims to cover projected inflation unless the FOL gives a different indication.

Engineers, who negotiate the powerful metal trades award in August, will be governed by the FOL economist's prediction that inflation will be 13 to 15 per cent over the next year.

The electricians also considered the decision "part of a catch-up". The awards here look primarily ahead and will be looking at the losses in their own industry over the last 12 months," NBR was told.

Con Min gets go-ahead

by Ann Taylor

CONSOLIDATED Minerals, after trying for years, has been given the go-ahead to look for rutile over 300 hectares in the Fiordland National Park.

Guided by its major shareholder, Mining Houses of Australia Ltd, the company plans to begin exploration of Transit Beach "when the weather clears". The prospecting licence is still pending a detailed exploration plan which is being prepared by Australian consultants.

Meanwhile, rutile producers in Australia are cutting production. According to some reports, they are trying to increase the price on a glutted world market.

A 10 per cent cut (45,000 tonnes), according to the Australian Financial Review, will bring rutile production and demand into line.

The cuts follow a period of stockpiling by three Australian producers which will take some time to clear.

Consolidated Minerals director and Auckland lawyer Warwick White said he understood the cuts were being made because there was a lack of funds to process. "There's a shortage of them," he told NBR.

He disagreed with reports of a glut. "That doesn't seem to be the situation according to our Australian associates," he said.

The largest Australian producer, Associated Minerals Consolidated Ltd, has announced the closure of two of its plants which produced 25,000 tonnes a year.

The licence to explore at Transit Beach was allowed against the recommendation of the Fiordland National Park Board.

The week in brief

TEXTILES, apparel, footwear and banking moved under the closer economic relationship umbrella following Australian Cabinet approval of ministerial negotiations last month.

Banks and financial institutions will get slightly more favourable treatment when applying to operate across the Tasman while textile apparel and footwear will face a maximum 15 per cent preferential tariff when the Australian Government modifies existing barriers on January 1.

TOP-TIER lobbyists including the Employers Federation, Federated Farmers and the Retailers Federation persuaded the Government caucus from imposing a wage freeze or wage control after a wage-tax deal between Prime Minister Rob Muldoon and the Federation of Labour founded on the FOL's demand for an 8 per cent tax cut before bargaining could begin.

RUGBY Union chairman Ces Blaxey resigned after 15 years as chairman of the Amateur Athletic Association after surviving by two votes a bid to

unseat him because of the Springbok rugby tour. AMOCO Minerals applied for mining exploration licences in the Rotorua, Taupo, Kaitake region with gold, copper and silver among the targets.

Week ahead

MONDAY: RSA conference Wellington till Wednesday.

Large herds conference, Christchurch, till Tuesday.

Murray Grey Society till forum, Hamilton, till June 16.

TUESDAY: Logging and Industrial Research conference, Rotorua, till Thursday.

Pan-Pacific direct marketing symposium, Sydney, till Thursday.

WEDNESDAY: Christchurch Businessman's Association conference, Palmerston North till Sunday.

Prime Minister Rob Muldoon leaves for OECD conference in Paris and talks with newly elected French President Francois Mitterrand.

FRIDAY: Suckling Industries AGM, Christchurch.

Matt finish part of Skybus refurbishing

MATT Thompson's aim-high aspirations for the fledgling Skybus operation may have helped cause his abrupt landing last week.

While Skybus chairman Sir Reginald Barrowall insisted — in blunt terms — the parlous state of affairs was amicable, it seemed Thompson's ideas for the company had created some unrest on the board.

Thompson, said Barrowall, had been "a self-styled" chief executive.

"It's a term I don't accept. We are a little bit of a company. No matter how big it grows it will still be a little bit of an organisation in terms of world aviation."

The Aqua Avia Society — the group behind Skybus — is now advertising to recruit a new "chief executive".

And Skybus also reports membership sales at a rate of 300 a week, regardless of any top-level reshuffles. Total membership is now more than 800, a society spokesperson estimated.

Barrowall told NBR Thompson's resignation was accepted by the Aqua Avia board on May 30, after his return from meetings in Britain and the United States over aircraft charter arrangements.

Thompson denies claims by NBR sources that Barrowall had told at least three people that board members had decided to sack him during his absence overseas. He says, like Barrowall, that the parting was on friendly terms.

Barrowall says that Thompson's employment was regarded as temporary right from the start.

"I said at the time the board was reshuffled in March that I would not serve on the board with any of the people who had previously been associated with it," Barrowall told NBR. "We asked Mr Thompson to serve in an advisory capacity to bring us up to date and provide continuity."

Barrowall said that Thompson's employment was terminated on Thompson's conditions, due to health and personal problems and because he was planning new business interests. Thompson told NBR that the arrangements made between himself and Skybus were "quite satisfactory" and he wished the organisation well.

Thompson has received severance pay, and personal funds which he put into the organisation on a loan basis will be paid back over a period of time.

Media stories last week, however, suggested that there had been a "serious difference of opinion" among board members over an instruction to company executives not to make any statements to the press, radio or television.

Barrowall said this was "to be quite frank, bullshit. There is no difference of opinion. I have never before worked with a more solid and united board."

The purpose of the embargo on information regarding Thompson's negotiations with British Air Ferries and Evergreen International, was to release information only after receiving Thompson's full report after his return, he said.

"In the past there has been criticism of Skybus for not knowing, guessing, or fabricating facts to make a good story. At this time, rather than

risk misrepresentation by abbreviation, we wanted to wait until after Matt got back with a full report."

Meanwhile Skybus has split with its public relations consultant Faye Torrance. Torrance maintains that she resigned on May 28. Barrowall told NBR that her firm was dismissed on May 30 and refused to comment further.

Skybus has a new full-time secretary, Richard Lynch. Its previous part-time secretary, accountant Murray Tracy, will continue to do some accounting work for the society.

Subject to completion of satisfactory maintenance arrangements, Skybus's domestic Viscount services will begin in September. BAF is responsible for organising maintenance. Heads of agreement have been signed, and Skybus has made a



Matt Thompson... amicable take-off

first payment to secure the aircraft and its crews.

The international situation is not very clear. Evergreen International can supply a DC8 for a

San Francisco-Auckland-San Francisco charter in August but Barrowall said the positioning cost of getting the aircraft to San Francisco seemed excessive and the company was still negotiating.

But a package tour to Queensland in early August seems likely. A deal has been completed, and though no announcement has been made the word has spread among Skybus members and inquiries were heavy, said Barrowall. The aircraft involved is a Boeing, but Barrowall would not disclose the operating company.

Meanwhile membership is said to be soaring. "We've had an avalanche of inquiries," said Barrowall. "People who were sitting on the fence are now coming in. We're doing well, but we still need to get 'bums on seats' and we still need a heck of a lot more members."

How to develop your exports to the expanding Gulf markets

Formed as a joint venture between the New Zealand and Bahrain Governments, the new BAZ facility at Mine Sulman, the premier port of Bahrain offers an area of warehousing, cold-storage and distribution facilities.

Bonded storage is offered so goods awaiting transshipment do not attract duty.

Mine Sulman is one of the most modern and most efficient ports in the Gulf. In conjunction with the Mine Sulman Port Authorities the BAZ facility offers your company a thorough, competitive specialised service, second to none in the Gulf.

The BAZ complex with its special facilities has considerably enhanced Mine Sulman's viability as a major distribution centre for refrigerated produce in the Gulf region. BAZ offers New Zealand exporters to the Gulf markets the economies of bulk shipping to BAZ where the cargo can be broken into smaller lots for distribution or re-direction. In addition BAZ provides a secure base and a fast, efficient distribution service to all Gulf market areas.

Consider these advantages:

- Special facilities for refrigerated container storage.
- 20% of the total BAZ area of ten acres is chilled store freezer space.
- BAZ is close to Bahrain International Airport which is well equipped for handling air cargo.
- A planned arterial road will link the Eastern approaches of the proposed Saudi Arabia-Bahrain causeway to the existing highway system near the port.
- Holding area for supply to local Gulf markets; so smooth year round deliveries can be maintained.
- Delivery anywhere in the Gulf within a maximum of 10 days after arrival at BAZ.
- Cost advantages from a single forward base serving the whole Gulf area.
- You can save by using bigger shipments and deep water transport.

What to do now:
Contact BAZ on the spot in Bahrain.
Send for the BAZ Booklet.
Post this coupon or write now to—BAZ
P.O. Box 26438 Manama Bahrain
Telex: 8874 BN Tel: 232708

Build Export Sales with BAZ

To: The Manager BAZ
Please send me a copy of "the BAZ Booklet"
I am interested in storage for my products in the Gulf.

NAME _____
COMPANY _____
ADDRESS _____
TITLE _____

THE BAHRAIN—NEW ZEALAND TRADING AND STORAGE COMPANY

LADE

THE COMPUTER EQUIPMENT SPECIALISTS

ANDERSON DIGITAL ELECTRONICS

FASTEST DELIVERY

Auckland 885-532 Wellington 885-504 Christchurch 885-504

MR

NEW ZEALAND NURSERIES HOLDINGS has asked us to advise on the following key appointment:

MARKETING MANAGER INTERNATIONAL & NEW ZEALAND

(NEW JOINT VENTURE CO; HORTICULTURE DEVELOPMENTS OFF-SHORE & LOCALLY; EXPORTS)

This is the first appointment in an exciting new company established for the advancement of horticulture in the form of further development of exports and off-shore joint ventures, and the New Zealand market. The shareholders in this important development are FLETCHER NEW ZEALAND LTD; DUNCAN & DAVIES LTD; and MOLLER HOLDINGS LTD. The off-shore possibilities provide the scope for establishing a multinational company in plants. The successful applicant will report to the Board of Directors. We require an outstanding executive to research and evaluate both overseas and domestic markets; develop overall corporate marketing plans, strategies and policies; investigate, recommend and negotiate off-shore ventures; determine sales and warehousing policy and organisation; and establish a marketing team.

REQUIREMENTS:

- Proven success in the full application of the marketing discipline.
- Strong ability in planning, evaluation and strategy formulation.
- Demonstrated evidence of capability of leading a marketing team.
- A person with the motivation to initiate and foster new business.
- Experience in exporting and/or international marketing would be an advantage.

REWARDS:

- Because of the importance attached to this appointment a top level salary and executive benefits will be provided to attract the best candidate in New Zealand.

APPLICATIONS:

Strictly confidential. Please apply in writing stating age, experience, qualifications, other relevant information and telephone number mentioning Position R.B.1745 to:

MR R H BORLAND
MANAGEMENT RESOURCES LIMITED
BOX 11-237, Manurewa Street P.O.
Telephone: 851-888 Wellington

NEW ISSUES

GOVERNMENT INVESTMENTS

The following investments are currently available

'TAP' ISSUE STOCK

Maturing 15 March 1984 or 15 March 1987

Minimum subscription \$100 (face value), one dollar multiples thereafter.

Prices (and therefore yields) are subject to change from time to time.

Current prices, prospectuses and application forms are available from offices of the Reserve Bank in Wellington, Auckland and Christchurch, and from Stock Exchange members or official short term money market dealers.

TREASURY BILLS

Maturing 13 weeks or 26 weeks from date of issue

Minimum subscription \$10,000 (face value); \$5,000 (face value) multiples thereafter.

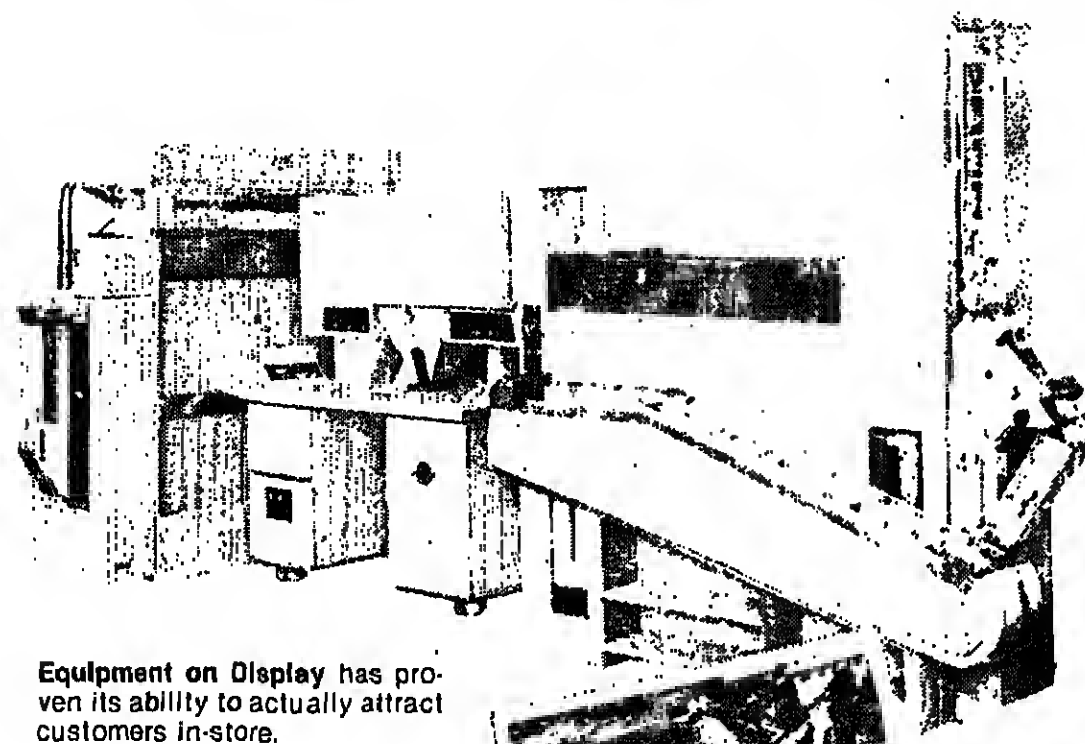
Reserve Bank of New Zealand

PO Box 2099 Wellington Phone 722-0228

PO Box 2204 Auckland Phone 31-767

PO Box 2204 Christchurch Phone 780-830

The second best thing to printing your own money is the COLOUR PRINT photo business !?



Equipment on Display has proven its ability to actually attract customers in-store.

Fast Turnover:

Customer's prints in 1 hour.
Reprints in 15 minutes.
Can do 400 rolls a day!
Profits? Ask yourself.

The remarkable new

NORITSU Mini-Lab

designed for on-view retail operation

Looking for a cash flow business. Here are a few things to think about. Noritsu's Mini-Lab is a revolutionary system for colour film processing, specially designed for retail outlets! The one hour photo service and intriguing operation is a proven draw-card which will also boost existing sales volumes in your store.

Can be installed to show the complete operation, in daylight, for your customers to see.

Absolutely perfect for rural areas, tourist centres (imagine a same-day service for travellers), and local suburban trade. Lessen or eliminate wasted time caused by other laboratories' pick-up/delivery procedures.

It's so simple! This equipment can produce profits to make your mind boggle. Read on, then give us a call or write. We'll tell how you can LEASE or OWN a mini-lab to make profits seldom dreamed about.

- **Computer-controlled:** Maximal print quality, minimal operator knowledge and expertise.
- **Operation is virtually maintenance free**
- **Completely Automated:**
- **Small space requirements:** Less than 250 sq. ft. floor area.

All enquiries treated in strictest confidence.

PMD

KERRIDGE DUFFON SALES & SERVICES LIMITED
professional marketing division
Specialists in professional photographic equipment

1 Liverpool Street, P.O. Box 2191, Auckland
Telephone 796-780

The week

Cue poised for \$10 million public share float

by Warren Berryman
CUE Consolidated, recent winner of a petroleum prospecting concession north-east of Nelson, hopes to announce a \$10 million public share float within a month.

This was confirmed last week by Cue exploration director Colin Glazebrook, who told NBR the plan would call for the issue of 20 million 50c shares.

Cue, through its Wellington sharebroker advisors, Jarden and Co., is working out the details of the float to make it acceptable to the Overseas Investment Commission and the Stock Exchange Association.

NBR understands that while the Australian parent might not take up as much as the 25 per cent shareholding limit which requires OIC approval, Cue would end up later on with more than 24.9 per cent.

There is also a possibility that other offshore investors will be included in the float package.

Cue's plans call for a New Zealand-owned and based exploration company with interests both here and in Australia. Investors would be offered shares paid up to 20 cents at a five cent premium. Initial shareholders would also be offered a one-for-two company trading option, giving them the right to buy further shares at par for up to five years.

Cue Consolidated NL is registered in the Wellington Companies Office as a \$7 capital company. Its seven buyer shareholders hold the shares for Cue Minerals NL of Melbourne.

The five cents premium on shares, Glazebrook said, reflects the value of the exploration prospects Cue would throw into the deal.

But the main hurdle confronting Cue and its advisors is Stock Exchange Association approval.

Present listing requirements do not allow companies to float shares of less than 50c. This is out of kilter with overseas, and particularly Australian practice, where investors prefer to subscribe for low par value exploration shares.

From Page 1

A national economic evaluation to satisfy the Cabinet Economic Committee. An application would be referred to the relevant local authority which, within two months, would have to decide whether to advise the Minister to refer it to the Planning Tribunal.

The Planning Tribunal after consultation with all interested parties would make a final determination.

But the Minister's power to decline an objection under section 128 of the present Act is reduced as is his determination on questions of land use.

Questions of law would be referred to a district court, which would make a recommendation to the Minister.

Prospecting licence procedures are similar to principle in the Mining licences but if a local authority opposed a prospecting licence on the basis of matters of land use, the Minister of Energy would make a decision in consultation with the Minister of Works on whether the application should go to the Planning Tribunal.

Background story — Page 21

The Cue plans would require a change in the listing requirements as this seems a possibility as the oil explorers line up with float proposals.

Glazebrook said the package of prospects included in the deal would be:

- A Bass Strait petroleum exploration prospect on which 600 line kilometres of seismic survey had been run and drilling was due to start next year;
- An Oil and Gas prospect (A to P 285) near the Surat Basin on the Queensland-New South Wales border;
- The Nevils oil shale prospect near Lake Wakatipu;
- The Wedderburn Lignite prospect north-west of Dunedin;
- Petroleum exploration concession No 122 in the Tasman Sea, north-east of Nelson, in which Cue Consolidated and its associate company, Oil and

Mineral Quest NL, share an interest with Charter Oil and Gas Pty Ltd.

In addition, Glazebrook said, Cue had applied for two more onshore petroleum exploration licences in New Zealand — one in the North Island and one in the South.

Glazebrook said this deal was only at the exploratory stage as he was not sure how the OIC would "react to having some initial sort of shares going to Cue Minerals anyway."

The Stock Exchange Association is considered likely to scrutinise the idea of shares being paid up only to 20 cents and the one-for-two company trading concept.

In the past New Zealand mineral exploration companies have had difficulty calling up unpaid capital.

Cue's \$10 million public share float, if it goes ahead on

Mineral Quest NL, share an interest with Charter Oil and Gas Pty Ltd.

will be competing for high-risk investment capital with a float from New Zealand Oil and Gas Ltd (formerly Stewart Petroleum).

New Zealand Oil and Gas combines interests of Oner Exploration NL and its associate Company Pan Pacific Petroleum NL with that of New Zealand Mineral Resources Ltd.

The New Zealand Oil and Gas float is expected to be for a sum in excess of \$10 million. A portion of the new shares would be reserved for Mineral Resources shareholders on a non-renounceable basis.

Mineral Resources managing director Jack Barberich said it was too early to announce the final details of the float. But he said, there was one thing certain, shares would be fully paid up.

Cue Minerals NL of

Australia is an unlisted company. Its associate company, Oil and Mineral Quest is listed on the exchange.

Cue Minerals' 1980 annual report shows Cue with a nominal capital of \$A20 million, of which only just over \$1 million is paid up. Cue Minerals issued capital of \$4.1 million was sold at a \$3 million discount.

Glazebrook said: "We haven't bothered to list Cue Minerals. You require a large number of permits to apply for listing on the exchange. We have one associate company listed and two other listed companies in our group. We didn't feel the need to have another listed company. We thought we would keep Cue as a possible entry into New Zealand."

The chairman's address in Cue Minerals' last annual report said the company in-

tended to become a "New Zealand-oriented resource explorer and developer".

As to the discounting of Cue Minerals' shares, Glazebrook said: "With a limited liability company you can't issue shares at a discount. With a no-liability company you can. During the flat time in the Australian market (1972-7) when shares were selling below par it was difficult to encourage people to take shares in a company unless you offered a discount — an incentive. And that's exactly what happened."

Whether Cue's New Zealand float goes ahead as planned, Glazebrook said, depended on approval from the Stock Exchange and the OIC.

Glazebrook said he had not received replies to feelers put out to both these bodies. "The heat I can say is that we are hopeful," he said.

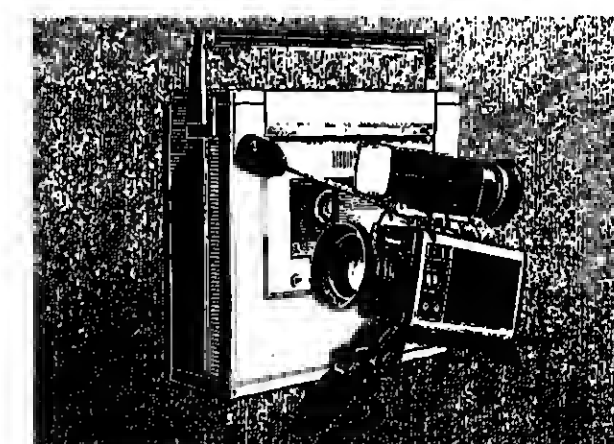


The world's most advanced Video Recorder technology is also the world's largest selling Video Recording System . . . and that's most important.

Important because the largest selling Video Recording System not only gives you superior picture colour and sound recording quality, but compatibility with most overseas pre-recorded material as well.

National, the largest manufacturer in this field, offers you VHS — a video tape recording system which has become the most widely used in the world today. Fisher & Paykel has already supplied hundreds of satisfied institutional and commercial users with National VHS equipment.

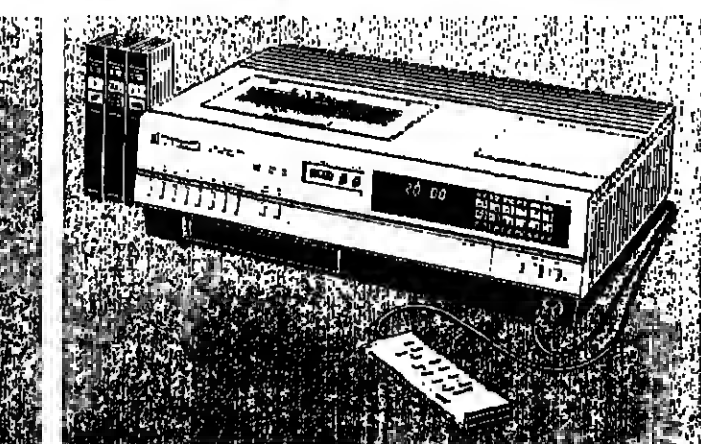
Pictured from the VHS range:



NV3000 portable video cassette recorder and WV3200 colour video camera

National's fully portable video system gives you complete freedom to record video on virtually any location. The NV3000's features include: Still frame for detailed analysis and instruction plus single frame advances and slow motion play. Quick/Slow tape searching at three times normal speed, still mode and tape play-back at 1/5 normal speed for motion analysis. Remote pause controller. Direct-drive video head cylinder to ensure picture stability. Lightweight anodized aluminium die-cast chassis to provide a solid foundation for dependable portability.

The WV3200N is a new lightweight, shoulder mount colour video camera weighing 2.9 kg and recording consistently rich, vivid colour even at relatively low lighting levels. Features include electronic viewfinder with left or right hand operation, 8:1 power



NV7000 video cassette recorder

zoom, telephoto/macro lens, auto-tie and boom microphone. The NV7000 is a new and amazingly compact table-top model. Features include: 14 day/8 programme timer. Six playback speed modes include 'Cue & Review' at nine times normal speed for quick and accurate tape search plus freeze-frame action and still advance frame-by-frame. Dolby noise reduction sound recording system to significantly reduce tape hiss and also increase the dynamic range of the audio signal. Quartz-locked direct drive cylinder and capstan motor to ensure picture and tape path stability. Twelve mode remote control of all functions. Auto-editing function to provide smooth continuity between recorded programmes. Auto-rewind function to automatically rewind tape to beginning.

For further information please contact: Mr Leith Ward, Product Manager, Fisher & Paykel Limited, Private Bag, Panmure, Auckland. Telephone: 572-889.

Free colour brochures are available as specified:

- VHS colour video cameras • VHS video cassette recorders • U-Format series equipment • Video projection system

National

The World's No.1
Video Recording System

BCR 10012/81

Editorial

YOU might be able to run the Rugby Union without athletic support, but not the Amateur Athletic Association — at least, not without the support of the region you are representing at management meetings. And so last week, AAA chairman Cos Blazey fell a fitting victim to his own intransigence on the Springbok tour issue as chairman of the NZRFU. After a motion calling for his resignation at a special council meeting was lost, Blazey announced his surprise resignation anyway, because his own centre, Waikeke, had lost confidence in him.

He is unlikely to take much comfort from the knowledge he is but one of many casualties of the tour controversy. Some have taken only mild verbal bruising, others have been stung by more severe tongue lashings, as the debate heats up — and there is the ominous threat of physical casualties when the Springboks arrive and tempers flare during the inevitable demonstrations.

Race Relations Conciliator Hwi Taurua said in January he wanted the tour postponed until South Africa's blacks and Coloureds were given equal opportunities. That might have been expected to put him on-side with tour opponents. It didn't, first of all because he soon made clear his ambition to become coach of the All Blacks during a tour which he said he opposed. Then he became embroiled in criticism when he ruled that public bodies would be breaching the Race Relations Act if they withheld facilities from the Springboks. He later clarified that ruling — his intention had been to warn local authorities that they should determine the legality of their intentions. To cap matters, he decided to go to South Africa. And as our Race Relations Conciliator, he might be naive — even injudicious — in accepting the invitation of a South African company to tour the country. But Dr Michael Bassett (who last year accepted South African Government patronage to see parts of the country) is being arrogantly condescending when he says he is not sure that Taurua is suffi-

ciently well equipped to assess the situation objectively.

Police Minister Ben Couch — whose independent streak makes a mockery of collective Cabinet responsibility — flouts his support for the tour. He gave us the impression in January that if demonstrators went out of their way to cause disruption and demanded police protection, the police should not become involved. But he had made "a mistake" (a politically embarrassing one) in not making his views clear. He really agreed with the Prime Minister that the police should do their best to protect protesters "from the results of their folly".

Invercargill MP Norman Jones told a party gathering why the tour should proceed. He was promptly and publicly rebuked by Foreign Affairs Minister Brian Talboys ("what Norman Jones has done just now is to invite us all to stop thinking"). He obviously smarted from the experience, and declared his belief that party colleagues should express their differences only within caucus.

Sir John Marshall declared on television that he had changed his mind about Springboks and rugby. A divided and disrupted community would be "too high a price to pay for any game and the tour should not go on," he said. But he hasn't abandoned the bridge-building he has advocated in the past. Instead of the Springboks coming here, he would like the All Blacks to go there, and so he conceives the curiosity of a one-way-only bridge.

On the other side of the political fence, Labour Party national councillor Mrs C T Clark, a Samoan, produced the results of a random survey which purported to show that nearly 99 per cent of Polynesians interviewed supported the tour. A significant number of Polynesians protested volubly enough to make the survey highly suspect, and Clark got her come-uppance from angry party colleagues at an annual conference where she was replaced on the executive. She is now making overtures to join the National Party.

Lower Hutt Mayor John Kennedy-Good — as chairman of a committee of Catholic lay people — helped prepare for Wellington's archbishop a list of Hart officials who were said to be Communists or had criminal convictions. The list was not intended to be made public (which meant that the attempt to discredit Hart would have gone unchallenged), but it was leaked to the media when it was published and the data disputed. Kennedy-Good conceded that it might contain "minor errors". Regardless of that, he should have been concerned not with the political beliefs of some Hart members, but with the question of whether the church should support Hart because of a mutually shared attitude to apartheid and the tour.

Corso general secretary Tony Truell invited Muldoon to a dinner when he wrote to the UN special apartheid committee to point out "a couple of aches and pains" which might be effective levers against the tour (the Commonwealth finance ministers conference and the future of New Zealand's position within the Commonwealth). Only an extremist few in this country are likely to thank him if his provocative suggestions are translated into action.

If ever he aspired to become patron of the NZRFU, the Governor-General, Sir David Beattie, can consider himself a casualty. He was not invited, as is traditional, to take up that position this year (former Governor-General Sir Keith Holyoake agreed to fill it) because the rugby union apparently decided it would not be politic. If only such sensibilities could be shown on the bigger issue.

Michael Minogue took umbrage at being asked if he was for or against the tour and ignored the question (some of us would like to know his answer). He did raise his own pertinent questions, however — the issue, he said, was whether the Government should withhold visas and passports from visitors because it or a pressure group did not like the policies or activities of an overseas government, and whether

the right of some should compel others to give in to their demands by threats of violence. The right of protest must remain inalienable, "provided that right is exercised within the law," he reminded us. Thus he aimed to stimulate the thinking of libertarians who must acknowledge that Government intervention to halt the tour implies the exercise of state authority to restrict freedoms that are deemed fundamental in a democracy. It means an attempt to promote those in another. Arguments of principle, however, apply to what ought to be. The Government must deal with what will be or what is likely to be, and to cling to libertarian ideals in the face of harsh realities is to turn democratic principles into rigid dogmas.

South Africa uses sport for political purposes, and thus has brought politics into sport. The South Africans have made changes to apartheid in rugby — but only cosmetic ones to encourage foreign teams to play against them. Participating in sport with South Africa, therefore, is to participate in that country's repressive and discriminatory system of government.

Further, the Rugby Union has been given a clear indication of the cost (financial cost) of this tour: a black Afrikaner boycott of the Commonwealth Games or the banning of New Zealand, a cancellation of the cricket team's tour of the West Indies, disruption of the Commonwealth finance ministers' meeting in Wellington and heads of government meeting in Melbourne this year, difficulties for our exporters, internal social upheaval as dissent turns to violence. It has considered that cost, and decided the tour will proceed. But it is a cost which the NZRFU will not have to pay, and it is absurd for Talboys to hold the union responsible for the consequences of the tour. Avoiding those consequences is the clear duty of the Government; the responsibility for an appropriate decision rests ultimately only with that Government.

— Bob Butler

Without word of a lie

Miracle cure

THE Government is getting in with retrospective legislation early in the session.

Its \$15 million cash injection to soothe the ailing Winstone Samsung was administered a month ago. But the prescription was made up only last week.

The Finance Bill 1981, introduced on Thursday, authorises the Minister of Finance to spend \$10 million on purchasing shares in the company, which apparently has survived the interim — and the marvel of it is that we can resurrect our hopes in Dr Muldoon producing that long-overdue cure for the economy generally.

Don't bank on it

ON again, off again is the theme of this year's Bankers' Association news media seminar.

The association wrote to media representatives late last year, advising them that the annual seminar would be held on March 10.

A letter on February 26 announced that the seminar had been cancelled, because of industrial problems.

By early May, the problems seemed to be over and another letter arrived from executive adviser Brian Small. New arrangements had been made, he said, and he invited the media to the seminar on Tuesday, June 16.

A programme was enclosed and copies of the main papers were to be circulated to journalists a few days before the seminar.

A fortnight later, another letter arrived. This

time, association chairman S T Russell confessed it was "with the greatest regret . . . we have found it necessary to cancel the news media seminar set down for June 16, 1981". Some of his colleagues had other business that day, apparently.

The association has abandoned the idea for this year. But Russell is optimistic: "We shall look forward to resuming the annual seminars early next year . . ."

But the way their luck has gone so far, it's worth putting money on a Social Credit victory at this year's election.

Demanding Challenge

EVEN the fleet of foot (or wheels) are becoming entangled in the ever-spreading tentacles of Fletcher Challenge.

Courier companies, trying to stay abreast of takeovers by the corporation, are having trouble reconciling their accounts. "Unless we're notified when a company is bought out we have real trouble charging," said one harassed operation manager who finds the Government bureaucracy easier to handle.

Which floor of which building belongs to which division is also presenting the couriers with problems.

And corporation employees seem ill-equipped to cope. "We get queries from subsidiaries and divisions saying, 'didn't the company pay for that?'"

"At least with the Government hierarchy you can find the right person to talk to . . ."

Brockie's view



Faulty figuring

THERE were some red faces in the Prime Minister's Department and Treasury on Thursday when a Prime Ministerial statement announcing a new multi-million dollar Middle East loan managed to get the figures wrong.

They weren't just a little bit out . . . they were 100 per cent out.

The press release prepared by Treasury in the Prime Minister's name stated the loan was \$NZ251 million. The statement had been circulated to the news media before it was pointed out to embarrassed officials that the correct figure should have been \$NZ102 million.

Makes you wonder if the boys at Treasury and at the Reserve Bank got the interest rate right — or do we have to multiply that by two?

Auckland Office:
1st Floor, Shaw's Building
39 Fort Street, Auckland
Tel: 788-304 (Editorial)
Tel: 788-884 (General)
PO Box 1734

Editor: Bob Edlin
Business editor: Klaus Sorensen
Sub-editor: Warren Mayne

News & Features:
Colin James, Stephen Ball, Jack Hodder, Allan Parker, Ann Taylor, Richard Fletcher

Advertising Sales:
Manager: Paul A C S Toth

Subscriptions:
Jan Delzel

National Business Review incorporates *Admiration* and is a registered publication weekly except the last week of December and first two weeks of January.

Sat and composed by Fourth Estate Newspapers Ltd
Printed by R Lucas & Sons Ltd
118 Kapiti Road, Pāpāramu

Single Copies: 80 cents
Subscription: NZ\$20
Member: ABC (Audit Bureau of Circulations)

NATIONAL BUSINESS REVIEW
Published by Fourth Estate Newspapers Ltd
Managing Director: Reg Birchfield
Marketing Director: Ian F Grant
Production Manager: Ralph Grant
Accountant: Robyn Plekett

Wellington Head Office:
15 Blair Street, Wellington, NZ PO Box 9344
Tel: 738-876 Cables: Natbus

The transnationals: silence healthy but profits better

by John Butler

SOMEONE once said the definition of a fair price depended on whether you were buying or selling. Equally, an individual view on CER depends on who you are and where you live.

In the many arguments for and against Closer Economic Relations, we have seen countless New Zealand opinions expressed and quite a few from those under-armed from across the water. But surprisingly, little has been heard from those businessmen who, like myself, live and work in New Zealand but answer to a board located in another part of the world.

One of the reasons for this is the reluctance of many senior businessmen in this group to publicly express an opinion one way or another. And quite understandable, too.

Consider the case of the New Zealand manager for an international company who has been posted here from Australia and still

answers to a regional board located in, say, Sydney.

His first duty is to his company, which happens to have manufacturing capacity on both sides of the Tasman. He studies the implications of CER and finds that his Australian group would make 30 per cent higher profits if CER went ahead by manufacturing 50 per cent less in New Zealand and importing more from its Australian factories.

Of course, this would mean limiting investment in New Zealand and shedding about 1000 "units" of the local workforce.

What does he do? If he sounds a warning bell in the New Zealand media about the short-term effects on employment, his board makes sure his next post is in Outer Siberia.

If he plays Brer Rabbit and says nothing, he feels some guilt about his loyal New Zealand staff.

Without word of a lie

Perky pay

THOUSANDS of dollars paid to Cabinet Ministers each month are, some say, not enough to attract people of high calibre...but consider the perks.

A visiting Arab politician from Bahrain handed out gold coins to the ministers he met.

And Prime Minister Rob Muldoon took Thea home a high value fine china fan when he opened the New Zealand Industrial Gas liquid nitrogen plant.

Mystery pollster

RING, ring goes the phone. So you clamber out of bed or bed to answer, only to find that the mystery pollster has struck again.

Calling themselves Social Surveys of Wellington, the pollsters have been ringing Aucklanders in recent weeks to ask: "Who did you vote for last election?"

"Who are Social Surveys?" is the occasional response.

"When we get this question," one of the phone pollsters confessed to *NBR*, "we are instructed to give a Wellington post box number — but it's really the Labour Party."

This pollster, a Labour Party malwart of long standing, said his surveying had not been wildly successful. He had called 32 homes, got responses from eight, and was told to get lost by 24.

But back at party HQ, publicity man Simon Walker said he hadn't a clue when asked who was behind Social Surveys.

Interested in exporting to Singapore?

A flying visit twice a year by your export manager is all very well but to do a proper job you need a man on the spot, full-time. Even then it's not easy. You need a representative who knows the country and understands the people. For the last 2 years we have been successfully operating in Kuala Lumpur by acting as the local office and full-time representative of a number of New Zealand companies, actively seeking out new markets for their products or services. These companies not only get all the advantages of having an office in the area at only a small portion of what it would cost them to do it themselves, but they also acquire the specialised local knowledge and contacts of our resident director — a man who "knows the territory".

We are now about to open an office in Singapore. If you are interested in having us assist your efforts to export to Singapore drop us a line at this address and we will give you more details.

Orient New Zealand Trading Co Ltd

P.O. Box 17072
Wellington

You can tell us by the company we keep



Let us introduce you to the most successful financial reporting system in the world today.

The Software International Financial reporting system is used by over 50% of the Fortune 500 Companies in the U.S.A. and by 20 major organisations in New Zealand.

IDAPS is the New Zealand agent for this comprehensive suite of financial and management accounting systems which cover all aspects of:

Financial Reporting	Accounts Payable
Financial Planning and Simulation	Accounts Receivable
Consolidations	Fixed Assets
General Ledger	Budgeting and Allocations

This computer software can be used on most major types of computers and can be implemented quickly to give very rapid returns for a relatively low investment. If you are looking for a more flexible and responsive accounting system for your organisation, look no further.

SOFTWARE INTERNATIONAL



IDAPS Computer Science. A wholly owned New Zealand Company.
Phone: Auckland 770-239, Wellington 843-949.

Letters

Progressive properties

IN your June 1 edition under the heading "IRD's Fagins put new twist on artful dodge" your Mr Sorensen gives an example of journalism that is so blatantly inaccurate and mischievous that it lets down not only the reputation of your publication, but also the people who read it to good faith in the belief that the articles are well researched and authoritative.

Mr Sorensen is right that Progressive Enterprises sold subsidiary company shareholdings to a new subsidiary company. He is, however, completely wrong in suggesting that our organisation does not own properties. In fact we own 11 free-standing supermarkets on highly valuable sites; a 220,000 sq ft distribution centre and 60,000 sq ft head office situated on 23 acres of land at Mangere; the 49,000 sq ft Sunnyside Shopping Centre, North Shore; 50 per cent ownership of Kelston Shopping Centre; 50 per cent ownership of Three Kings Shopping Centre; and land to be developed in Massey and Browns Bay.

Obviously Mr Sorensen has not even taken the trouble to consult your own records as we send your financial editor copies of our annual report every year and last year's balance sheet showed an investment in land and buildings of \$12.26 million.

We believe our organisation would have the finest (and proportionately by far the largest) property portfolio of any retail company in New Zealand.

To this stage Mr Sorensen is merely shockingly inaccurate, however, to infer that our company does not own our retail outlets but leases them "from a company called Tradespan owned by one of the founders of the group Tom Ah Chee" is

not only inaccurate, it seriously questions whether the article was edited. Surely a check of the Companies Office records would be necessary before making even a qualified "we understand" statement of this nature?

In our total property portfolio of 27 sites owned or leased, only one lease is remotely associated with anybody called "Tradespan" and in any case Mr Ah Chee has no financial interest whatsoever in Tradespan.

We would also reject the comment that the company's "move seems foolishly insensitive" after taking into account moves by other companies.

The best legal and accounting advice possible was received regarding the company's existing structure and borrowing flexibility. The resultant reconstruction was in the best long-term interests of both the company and its shareholders after fully considering all possible implications.

I would be grateful if you would see that this reply is given similar prominence to the article produced for your publication by Mr Sorensen.

Brian Pleot
Chairman
Progressive Enterprises
Limited

We did not say the Progressive organisation did not own properties. We did say the retail outlets were leased, and must now concede that this is incorrect. We went on to say that Progressive was involved in property developments, but most of them were joint ventures.

Our intention was to explain that, rather than realise capital profits on the property assets the company did own, Progressive had resorted to the sale of whole subsidiaries to the newly formed company.

We were clearly (and

regrettably) incorrect in stating that Tradespan owned the company's retail outlets, and in confusing Mr Doug Tse owner of Tradespan with Progressive's Mr Tom Ah Chee.

Mr Pleot quotes us as saying "the move seems foolishly insensitive" after taking into account moves by other companies. What we said was "Progressive may be living up to its name, but at a time when the Government is having difficulty convincing unions of the merits of a wage-tax cut trade-off, its move seems foolishly insensitive". — Editor

FCL's role in Fiji

I WOULD like to clarify a number of matters raised in

your article "Fiji queries FCL's role" (NBR, June 1). The facts are as follows:

Fletcher Consulting Services undertook a consulting assignment for a Mr Jay Gruenfeld, following a request by him in June 1980 for assistance in evaluating the Fiji Pine Commission resource. The Fletcher Group had previously had contact with Mr Gruenfeld in his role as corporate vice-president, Lands and Forestry, for Potlatch Corporation and was pleased to be able to offer him some help. The assignment was completed in July 1980 and a report presented to Mr Gruenfeld.

Fletcher Consulting Services has never received a copy of the United Marketing Corporation proposal to the Fiji Pine Commission and cannot therefore comment on the extent to which its recommendations to Mr Gruenfeld were incorporated in that proposal. It should be clearly understood

that Fletcher Consulting Services' contract was one of provision of professional advice to Mr Gruenfeld. It was known that Mr Gruenfeld was acting as a primary consultant to United Marketing Corporation but it was subsequently made quite clear to Mr Gruenfeld in March that the assignment for him was not to be used in any way to imply Fletcher endorsement or backing of either United Marketing Corporation or its proposal.

Fletcher Consulting Services, in fact, had virtually no knowledge of United Marketing Corporation or its principal Mr Paul Sandblom.

The Fiji Pine Commission was fully informed on the background to Fletcher Consulting Services' assignment following a request for clarification during April of this year.

A J Hume
General Manager
Fletcher Consulting
Services Ltd, Auckland

Imposts on home video

THE article (NBR, May 18) on the boom in home video sales by Lindsey Dawson was generally interesting and informative.

However, for the sake of accuracy, I must point out that the duty payable on video recorders is 50 per cent, not 15 per cent as stated in the article, and sales tax is 30 per cent, not 40 per cent as stated in the article.

While margins for individual retailers and wholesalers may vary somewhat I believe the figures quoted in your article are probably somewhat conservative.

N B White,
Managing Director,
Fountain Corporate
Other letters: Page 15

Politics

Vision, a hinge and the chance to make history

by Colin James

THERE are moments in history that are like hinges: pressure of the right kind in the right place at such moments can suddenly open a new vista that a moment before or a moment later is blocked.

There may well have been such a hinge of history in July 1976 when the Federation of Labour and the Employers Federation unsuccessfully put to a timorous Government a radical proposal for a new wage-fixing system and union reform.

Some people think there was such a hinge-moment in early 1976 when the Government deregulated interest rates but left other controls in place; or in October last year, when for a frozen hour or two the Prime Minister could have been replaced with someone closer

to their instincts; or two years ago a tax reform mechanism could have been set in motion.

That those were true hinge-moments is debatable. No longer seriously debatable is that the confluence of a number of legal, social and political factors and forceful personalities in the mid-1960s created a hinge opportunity for the Woodhouse commission on accident compensation to precipitate a profound change to social policy.

People are still discovering the subtle influences of that report and finding themselves ensnared in its deceptively delicate web: as at the time did the lawyers and insurance companies, with much lucrative business at stake but seemingly mesmerised into staying their hand; and the National Government, gradually finding itself with no alternative but to

legislate for the scheme.

Deep down National governments then and now have lived uneasily with a scheme they feel to be wickedly extravagant and generous with "tax" money. Employers Federation director Jim Rowe in 1979 struck a chord when he called it a "voracious monster".

So a committee of ministers and MPs was set up under then Associate Minister of Finance Derek Quigley to rein it in.

The committee produced an amending bill: benefits to start after two weeks instead of one; 70 per cent of lump sum payments for lesser bodily damage to be removed; the cost of doctors' visits over \$5 to be paid by the victim; a vast range of convicted criminals to be denied compensation; and so on.

The Quigley committee got a rude shock: an attempt to pull

bits off something New Zealanders have grown used to without first ensuring that your instincts are their instincts — that is, you are operating according to discernible and acceptable underlying principles — encourages them to pull bits of your bill.

Dozens of organisations and individuals tramped up to the Hill to do just that. Scarcely a term was left unstoned; clause after clause cracked under the bombardment.

Now pre-election discretion seems to have got the better of mid-term reforming valour. Neither the bill nor anything bearing reasonable resemblance to it will pass this session, and maybe not at all.

Did Quigley fall into the pitfalls of amateurism? Recall the inglorious select committee reshuffle of the amateurish drafting of the 1979 National

Development Bill by fast-track politicians.

Or did the Quigley committee confuse its objectives through lack of a clear principle? Note the recent heavy select committee mauling of the confused Credit Contracts Bill.

Each parallel has an attractive measure of validity. But the issue goes deeper — to the very philosophy of the accident compensation scheme.

In submission after submission to the parliamentary labour and education committees and often even within submissions, it seemed from the comments being made that different people had different conceptions of the scheme.

In otherwise good, if wordy, submissions, the Law Society talked pompously of a "social contract" under which the people had given up their common law rights to sue in the case of accidents in return for the benefit scheme.

Some elements of submissions by the Employers Federation, the Manufacturers Federation and the Law Society among others, seemed to rest on an assumption that it is an insurance scheme.

Still others, such as the College of General Practitioners and the Association of Social Workers, talked of it as part of the social welfare system.

The confusion is justified. All three strands run into and through the Woodhouse report and on into the scheme.

The term "social contract" is far too grand for the trade-off involved, being correctly reserved for the eighteenth century notion of the abandonment of total freedom by primitive (woman in return for the protection of society and order.

But there was a trade-off and it shows in the lump-sum payments for disfigurement, loss of bodily function and loss of enjoyment of even life and the like.

There is a strong insurance strand in that the scheme is funded by employers and car-owners on behalf of employees and road users and is earnings-related. Under the old common law provisions and workers compensation scheme employers took out private insurance to meet claims and compulsory benefits.

And there is a strong welfare strand in the extension of benefits to non-earners, off the roads — and in the principle of universality and the underlying principle that care of the accident victim is the responsibility of the community.

It is this apparent hybridity that makes difficult for would-be reformers.

For instance, Quigley talked loosely to a National Party audience last month of injecting accountability into the scheme. Fine, if it is a social welfare scheme and the taxpayers have a right to know where their dollars are going; but dead wrong if it is an insurance scheme under which victims have rights they have paid for (or have had paid for on their behalf).

There is a wider lesson. Sir Owen Woodhouse himself, commenting on the scheme in 1978, talked of it in terms of social welfare and that is how its more articulate proponents see it. They point to a trend in European social security systems to relate benefits to earnings as so income maintenance right, rather than a right based on past insurance payments.

They thus argue, as

Graff Palmer did in April with some vigour, an inevitable logic in extending the scheme to cover illness (with, if free medical consultations were maintained, the corollary of wholly free medical care, a goat that has eluded reformers in New Zealand since the doctors union held the Government to ransom in the early 1940s).

Further, once the principle of earnings-related income maintenance is established, the next logical step is to include unemployment and other subsistence benefits — and superannuation (remember the Douglas earnings-related scheme?).

If that point is reached, then the social welfare system will have been transformed from a charitable privilege for the disadvantaged to a right conferred on them by society.

Woodhouse trod softly on illness in his New Zealand report, the tone of which was carefully designed to seduce a wary Government, pressure group structure and public without arousing fears of rape. He did include illures and allude to eventual unemployment cover in an abused scheme he prepared for the 1972-75 Australian Labour Government.

It was recognition of this logical extensibility that provided the unifying point in the Government's review and lends rational coherence to the apparently confused objectives in the amending bill.

The Quigley committee (principally Quigley himself and, to a lesser extent, the steady Manawatu backbench MP, Michael Cox) aimed to quarantine accident compensation to prevent the rot spreading.

It thus opted to take an insurance approach to the scheme. Thus the medical fee, thus the delay in benefit payment till the third week (to encourage other, private, arrangements), thus the move last year to a corporation structure, away from the corruptly social welfare-type influence of Government departments.

Ironically, improvements made by the new corporation, coupled with the failure to finish shaping the iron while it was hot last year, may lessen the impetus for Quigleyite changes.

Some changes — to improve treatment of self-employed, to raise inflation-eroded benefit limits, to move wholly to pay-as-you-go funding, for example — remain likely.

But for the moment it looks as if the long-term inexorability the Woodhouse proponents claim for the ramifications of his reform remains unchecked. Even if bits are scratched off here and there by conservative Governments, a future social democratic Government will turn the ratchet one notch more.

There is a wider lesson. Sir Owen Woodhouse himself, commenting on the scheme in 1978, talked of it in terms of social welfare and that is how its more articulate proponents see it. They point to a trend in European social security systems to relate benefits to earnings as so income maintenance right, rather than a right based on past insurance payments.

They thus argue, as

62 cents buys you National Business Review

(or one cup of coffee and a very small sandwich)

■ The National Business Review subscription costs just 62 cents a week... a very small price to pay for often invaluable news, analysis and comment on the fast-changing New Zealand scene, delivered on Mondays 48 weeks of the year. National Business Review keeps close tabs on the fast-changing New Zealand political, economic and business landscape and an equally close watch on the information requirements of its readers.

■ News-stand price for National Business Review (\$38.40) and companion publication NBR Outlook (the twice-yearly special devoted to detailed analysis of important national issues) is \$43.40. Subscribe now for just \$30.00 — and save 30 per cent.

■ National Business Review / NBR Outlook cover price \$43.40... subscription price \$30.00.

■ To take advantage of the NBR subscription offer, simply fill in the Fourth Estate Subscription Service coupon elsewhere in this issue.

THE TOYOTA EDGE

OUTSIDE: You can see the difference

Look at Toyota's rugged design — tough and performance-proven. Doors that close tight, accessories that fit right, and tough, smooth enamels.

You can see that a Toyota is built right. Built to last. Backed by every Toyota man and woman. That's the Toyota Quality Edge.

INSIDE: You can feel the difference

Feel how Toyota is made for you — the concept behind every Toyota. Acceleration is solid, with power to spare. The touch of the wheel says you are in control. Your foot on the brake brings a swift, sure stop. That's a good sacra feeling. That's the Toyota Quality Edge.

TOYOTA

Ahead in the 80's.

COMPARE STARLET.



DRIVE THE PROVEN HATCHBACK.

COMPARE ECONOMY.

Today, everyone who makes a car wants you to believe they have mastered economy. But only Toyota can offer you the absolute economy of an advanced 1000cc engine.

The authoritative EPA (Environmental Protection Agency) in the United States has recently confirmed that Starlet is the most economical petrol-driven car in the United States.

COMPARE RELIABILITY.

Reliability is never proven on a test track. It's proven by thousands of owners over millions of miles. Consumer research has placed Starlet tops for reliability in the hotly competitive European small car market (West German Consumer Magazine report).

And Starlet gives you the undoubted reliability of rear wheel drive. This is technology that everyone understands — sensible, proven and trusted.



COMPARE PRICE.

Not only will your Starlet be less-expensive to run, you will pay less for it in the first place. You could save yourself up to \$1,000. Toyota technology gives you minimal cost motoring without sacrificing quality! Starlet is brilliant proof of how successful that technology is!

STARLET DL 3-DOOR: \$8,895.
STARLET DL 5-DOOR: \$9,295.

Toyota Dealer Standard.
Upholding the reputation
at:
Toyota Dealers
Nationwide

TOYOTA Ahead in the 80's.

Economy

"Free" trade: the paradox of CER economics

Economics writer

PUBLICISTS for CER would have us believe that closer economic relations with Australia are aimed at freeing up the foreign trade. Indeed, the white paper suggests that by 1995 there could be unrestricted trade between the two countries.

But for both countries this is only a not towards freeing up trade with the world. Trade restrictions will still exist for other countries which exchange goods with Australia and New Zealand.

In the world trade context, CER is two economic units forming themselves into a cartel to enhance their market power, which is not exactly in the interests of free trade.

So, while the CER talks have promoted the advantages of competition in a free market as the reason for unrestricted trade, another reason that Australia and New Zealand want closer relations is to have more market power to advance market prices (if possible, to our advantage).

Economic theory is clear about the arguments for freeing up trade. The justification lies on the theory of comparative advantage. As developed by 18th century economists David Ricardo, John Stuart Mill and other followers of Adam Smith, the theory of comparative advantage is based on unassailable logic.

Each country is endowed with certain natural resources, capital goods, labour and technical knowledge and know-how. The diversity of conditions between countries means that production potentials vary in each country.

Individual countries may be endowed with enough resources to be self-sufficient, but the theory of comparative advantage shows that it usually pays for each country to concentrate on producing some goods and trading for others.

Further, the theory of comparative advantage shows that international trade is mutually profitable even when one country can produce every commodity more cheaply than the other countries.

For years the United States was able to produce goods more efficiently than other countries. But the relative costs of producing different goods varied when measured in terms of resource use or what the economist calls "opportunity cost". To contrast, New Zealand could not manufacture steel goods as efficiently as the United States.

But while New Zealand may not have had an absolute advantage in producing goods at a lower world cost than the United States, there are some goods which New Zealand can produce at a lower cost in terms of opportunities foregone. New Zealand would be relatively more efficient at producing some goods, even if in absolute terms the United States could be shown to produce all goods more efficiently.

Because each country is endowed with different resources, differences in relative production efficiencies exist. These differences ensure that even the poorest country can produce a comparative advantage in producing and trading products which it produces most efficiently.

Take the case of a concert pianist who is also a typist. A typist's mathematics

He cannot do all three things at once, nor is he likely to allocate his time equally to doing all three things, because doing one thing efficiently requires a concentration of time.

Piano practice may use up six hours a day, but if he is relatively more efficient at the piano, it may be more rewarding than spending six hours at typing or maths.

Because the concert pianist cannot do all three things at once, while not so good as he, are relatively more efficient. His typist may be able to type half as fast, but if the typist has no other skills, the cost of spending six hours a day typing in terms of other opportunities foregone is lower than it is for the concert pianist.

So it is with countries. It is impossible for countries to produce all their wants at the same time. A choice is required, then, to produce some commodities and trade for others.

And if each country specialises in the production of commodities in which it has a comparative advantage (even if the advantage is not absolute), trade will be mutually profitable to each.

When all countries are concentrating on what they are best at, real wages will rise internationally and everybody will have a higher standard of living.

For comparative advantage to be reached, free markets must exist in each country and between countries. The unrestricted movements of these markets ensure that the price mechanism operates to signal the proper allocation of resources.

An ill-designed protective tariff distorts the price mechanism and in this way, hinders rather than helps a country. Instead of protecting a country from overseas competition, it makes imports more expensive. The world becomes less productive, tariffs confuse the market signals that guide countries to trade according to their comparative advantage to achieve the best pattern of production and division of labour.

Tariffs tend to cause countries to produce tradable goods less efficiently. This dampens real wages and constrains living standards.

The theory of comparative advantage makes good logical sense. But it is not so easy to apply this theory to practice.

Like most economic theories, the theory of comparative advantage is based on assumptions that do not apply to the real world. It disregards all stickiness of prices and wages. Inflation and balance of payments problems are also ignored since prices are measured in terms of opportunity cost of goods, ignoring money and foreign exchange.

At best, the theory provides a basis for distinguishing the validity of arguments for and against protection.

Comparative advantage is only one facet of trade. Another reason a country may wish to trade is to expand its market in order to take advantage of the economies of mass production.

When costs fall with additional output, a case may be made for a country to completely specialise in that good. World output of the good would rise and the world resources would be used more efficiently. There would be more room for the production of other goods.

The European Economic Community was set up to reap the advantages of mass production. Although such an organisation is a natural means of specialisation, protective tariffs consolidate the EEC's position as an imperfect competitor in world trade.

Another reason countries trade is because of differences in tastes. It might pay Australia and New Zealand to produce meat and cheese in the same amounts. But if the Australians have a relatively great fondness for cheese and New Zealanders for meat, then a mutually profitable export of meat from Australia and cheese from New Zealand would take place. Both parties gain from this trade and the sum total of consumer happiness is increased.

Both in the case of mass specialisation and differences in tastes, market signals operate to

ensure that trade takes place to the mutual advantage of trading partners and to increase consumer happiness.

One way of lessening trade impediments is for several countries to form a customs union. Within such a union, tariffs and quotas are usually reduced. And even if these restrictions are not actually reduced, the goal of the customs union is to eventually do away with them.

Restrictions usually persist with respect to trade external to the customs union.

Experience has shown that customs unions are more successful at freeing up the movement of capital and labour than they are at freeing up trade.

Economists are ambivalent about whether lowering tariffs between countries of a bloc is really a movement toward a more efficient world pattern of

trade. There is a danger that the lower-than-average tariffs between countries in the bloc will distort the pattern of trade that would operate in a free market even more than the distortion caused by separate nations' tariffs.

More-market economists have tended to argue that any step in the direction of freer trade is an improvement. Since it takes time to get rid of trade restrictions, they should be removed wherever and whenever possible.

If Australia and New Zealand discover that freer trade does produce gains in production and living standards, then there might be greater support of freeing up trade with others.

After all trade restrictions are removed under CER in 1995, we may be in a better position to assess a merger with the EEC or with a customs union

formed by Asian and Pacific trading partners.

Pragmatically, a customs union holds a number of advantages for New Zealand. The New Zealand economy is both small and "open".

It is small in the sense that, in our trading activities with other countries, we are generally price-takers, not price-makers. In all but a few of the product markets in which we trade we cannot significantly affect the price. The economy is open because a high proportion of economic activity is directly related to international trade.

New Zealand cannot decide what to do next if the other party is unwilling. So, even if CER is not really about free trade, there are advantages to New Zealand. With more market power from CER, we would be less vulnerable to world prices.

What DFC is doing this decade to bring prosperity in the next.

Finance and advice to support worthwhile economic developments. That's what Development Finance Corporation offers. Along with expertise, energy and imagination. For small businesses and large. Providing the help they need for success. To increase exports, earn and save foreign exchange, create more jobs, process our raw materials, develop new technologies and improve productivity. To ensure prosperity for all New Zealanders. That's DFC's role — the role of New Zealand's development bank.



Development Finance Corporation

New Zealand Development Bank

Offices in Auckland, Hamilton, Invercargill, Nelson, Christchurch and Dunedin.

Agriculture

Hare-raising trade rabbit-punched by regulations

EXPORTS estimated at \$4 million a year are being snared by regulations to promote deer farming.

Until the mid-1960s, New Zealand was an important exporter of hares. When the game packing and export regulations killed the trade in 1967, prices in West Germany climbed.

The markets are still there and expanding. In Europe, hares are fetching \$45 each live and \$7.50-plus dead. There is also a demand in Cyprus, New Caledonia and the Ryukyu Islands off Japan.

Department of Scientific and Industrial Research ecologist John Flux, described by his colleagues as the world's leading expert on hares, says 500,000 animals a year could be exported.

Instead, pest destruction officers are shooting and poison-

ing what they can and leaving the carcasses to rot.

Flux estimates there is a market for 5.5 million hares a year in Europe alone. In America there is a market of at least \$1 million for the meat and for farmed mink.

To turn the pest into export dollars, Flux recommends using lucerne — which already attracts hares every autumn and spring in Central Otago and inland Canterbury — as bait. Five and 10-hectare paddocks would be fenced and trap doors built in. When the hares were grazing regularly the doors could be sprung and hares driven into a funnel where they could be slaughtered or caught live.

As a straight farming proposition Flux doubts that it would be economic. But it could be a paying proposition for a single trapper who could

rent suitable paddocks from farmers. The trapper could pay for the cost of fencing, the farmer the lucerne.

"If such crops were fenced with chicken mesh netting to exclude hares for most of the year, a better yield could be harvested," Flux said.

But the game regulations and the pest destruction boards have discouraged trapping. The regulations specifically prohibit the slaughtering or taking of game "for the purpose of being processed in any game packing house in any area in which poison of any nature has been laid for the destruction of any animals living in the wild state within five miles of the area during a period of four weeks immediately before the game was slaughtered or taken."

All but a few pest destruction boards have declared the hare a

pest, laying poison for up to six months of the year.

Horticulturalists are finding it a particular nuisance; kiwifruit and avocado growers report hares "nipping out shoots just for fun".

Agricultural Pest Destruction Council field officer Dave McKellar said that in practice it was not impossible, "but quite a rigmarole", to comply with the regulations.

Few exemptions allowing hares to be sold commercially have been granted.

The impact of regulations in 1967 was immediate. Exports dropped from 131,000 in 1966 to 16,000 in 1967. Small numbers have been erratically exported since, the latest being 495 in the last half of 1980 at \$7.58 each destined for the United States.

There are other commercial possibilities. Americans pay

several hundred dollars a night to shoot a very small limit bag of jack rabbits, the American name for the hare, Flux said.

"Undoubtedly the best pest control is the conversion of pests to assets," Flux said.

"This needs only a change of perspective, instead of expen-

sive new poisons and operations."

"Of course, Government departments are too cautious for such radical innovation any private entrepreneur would expect to pocket the profit, and the egalitarian view of New Zealand sport might puzzle."

Exchange rates

AS at June 4, NZ dollar sells at:	
Britain	4317
US	8566
Canada	1.0358
Australia	.7615
Fiji	.7367
France	4.7895
Greece	49.67
Hong Kong	4.6720
Japan	191.60

Malaysia	2.800
Netherlands	2.202
New Caledonia	9132
Norway	5.028
Singapore	1.363
South Africa	.342
Spain	.917
Sweden	4.701
Switzerland	1.781
West Germany	2.034
Western Samoa	.280

Marac Merchant Banking Group

MONEY RATES AS AT CLOSE 4/6/81

LOCAL FUNDS - Commercial	30 DAYS	90 DAYS	180 DAYS
100 prime selling rate % p.a.	13.5	14.3	15.1
FOREIGN FUNDS			
Eurodollar % p.a.	15.5925	16.0925	16.5925
CURRENCY SETTLEMENTS			
US dollars (buy/sell)	Spot	3 mth	6 mth
Marac Corporation Limited	88211.8811	88211.8888	88211.8888

Auckland Ph. (09) 770-640
 Hamilton Ph. (07) 354-627
 Wellington Ph. (04) 721-073
 Christchurch Ph. (03) 762-880
 Dunedin Ph. (024) 777-463

New Zealand, Australia, Hong Kong, Singapore

MARKETING DIRECTOR

(RESPONSIBLE FOR 12 MANAGERS; BRAND LEADER CONSUMER PRODUCTS; SUBSIDIARY OF MULTI NATIONAL CO; WELLINGTON)

This appointment is to one of the top marketing directorships in New Zealand. The Company has an outstanding performance in the application of progressive marketing disciplines and is recognised by marketing managers as a New Zealand leader in this regard. The team of 12 Managers with a marketing staff of 40. The Company uses sophisticated management practices and as such we require a top flight executive to focus and direct the team. Overseas travel to assess trends and new developments would be encouraged. Salary and new development would be encouraged. The location is in the Head Office, Wellington.

REQUIREMENTS:

- Proven successful experience as a Marketing Manager in a progressive company.
- In depth experience in consumer brand products.
- The business acumen to perform at executive level.
- Evidence of strong thinking abilities, both through educational attainment and business performance.
- Aga range flexible, but preferably the 35-40 age group.

REWARDS:

- Recognition of the importance attached to this appointment and a first class remuneration package is negotiable.

APPLICATIONS:

Strictly confidential, and no information will be made available to our client without the prior permission of the appointing authority. Please apply in writing stating age, experience, qualifications, other relevant information and telephone number, enclosing a recent photograph, to:

MR. R. H. BORLAND
MANAGEMENT RESOURCES LIMITED
 Box 11-237, Mairangi Street, PO
 Telephone: 881-888, Wellington

Filing Headaches?

Take one Kodak IMT-150 for instant relief.

We don't have to tell you how monotonous and time consuming filing can be. Nor do we need to mention the importance of having systemised, accurate records of business activity. But what we can tell you is, now through the help of a Kodak IMT-150 MICROIMAGE TERMINAL, you can operate a super efficient records recall system without any of the headaches of a conventional system.

• The Kodak IMT-150 MICROIMAGE TERMINAL comes fully equipped with a photographic memory capable of storing and retrieving multiples of 10,000 separate documents in seconds. (Freeing your staff to get on with more pressing business.)

• The IMT-150 is capable of reprinting all the material it retrieves. (In terms of time saved, a definite advantage.)

• The IMT-150 is designed to link up with existing computers. (Streamlines the recording and retrieval of information to the point of peak efficiency.)

There's no doubt about it. The new Kodak IMT-150 will be solving more than its fair share of filing headaches now and for long time to come. For full details complete the coupon.

The Sales Manager, Marketing Division, KODAK New Zealand Limited, P.O. Box 2198, Auckland. Phone 778-650.

Please send me further information on the Kodak IMT-150.

Name

Address

City

Postcode

Phone

Business hours

Home

Other

Signature

Date

Enclosure

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Telephone: 881-888, Wellington

Postage

Stamp

Return to

Kodak

Box 11-237, Mairangi Street, PO

Finance

The business week

Carter Holt Holdings Ltd net profit for the year ended March 31 was \$10,865,000 (last year \$8,199,000). A final dividend of 10 cents will be paid on July 27. Directors recommend authorised capital be increased from \$25 million to \$50 million.

CBA Finance Ltd will call public subscriptions for 50.1 per cent of its wholly owned subsidiary **Transvision Rentals Ltd** which will apply for a stock exchange listing. The re-

mainder of Transvision will be sold to **Phillips Electrical Industries** subsidiary **Electronic Rentals Group Ltd** and the name changed to **Visionshire Holdings Ltd**. Shares will be offered at \$1.25 each. Two million four hundred and fifty thousand shares will be reserved for CBA Finance shareholders in the ratio of one for two at \$1.25.

Farmers Trading Company Ltd net profit for the year ended March 31 was \$6,207,685 (last year \$5,483,515). A final dividend of 7 cents will be paid on July 16.

Feltex conceded defeat in the **Henderson and Pollard Ltd**

takeover battle selling its 23.9 per cent stake to **Carter Holt Ltd** for a \$2.8 million profit. **Fisher and Paykel** emerged the victor with 40 per cent of Henderson and Pollard and **Carter Holt** has 27 per cent. **Fountain Corporation Ltd** loss for the year ended March 31 was \$1,440,000 (last year \$325,965 profit). The final dividend will be passed.

Fulton Hogan Holdings Ltd has received acceptance from holders of 43 per cent of **Pavro Holdings Ltd** and has declared the offer unconditional.

Gear Meat Co Ltd unaudited loss for the six

months ended April 1 was \$125,297.

James Hardie Industries Ltd has agreed on terms for the takeover of **Phillips and Imprey Ltd**. **James Hardie** will hold 71.75 per cent of the combined group.

Industrial Chemicals Ltd net profit for the year ended March 31 was \$443,586 (last year \$353,223). A final dividend of 5 cents will be paid on July 30.

Henry Jones (IXL) Ltd unaudited net profit for the six months ended April 3 was \$A12,085,000 (last year \$A2,434,000). An interim divi-

dend of 12 cents will be paid on June 30.

Mineral Resources (NZ) Ltd confirmed it will support the flotation of **New Zealand Oil and Gas Ltd** which will take over **Stewart Petroleum Ltd**, including **Mineral Resources** 30 per cent stake.

New Zealand News Ltd net profit for the year ended March 31 was \$3,084,000 (last year \$2,850,000). A final dividend of 12 cents will be paid on July 23.

A high court judge refused to grant **Dunedin's Primary Producers Cooperative Society** an injunction to stop the **Canterbury Frozen**

Meat Co Ltd issuing new shares pending an extraordinary general meeting on June 16.

Salmond Industries Ltd net profit for the year ended March 31 was \$1,240,000 (last year \$1,120,000). A final dividend of 9 cents will be paid on July 31.

TNL Group Ltd unaudited net profit for the year ended March 31 was \$4,074,000 (last year \$2,833,000).

Westbridge Holdings Ltd issued 150,000 50 cent ordinary shares at a premium of \$1.70 plus cash for 360,000 shares in **Bridgeview Mining Ltd**.

Economic indicators

HIRE purchase advances March were 140.2 million, 11 per cent up on March 82. Advances for the latest quarter on commercial vehicles fell 11 per cent, private vehicles 11 per cent, household and personal goods 11 per cent. Plant and machinery advances dropped 11 per cent.

Advances for the year ended March were \$618.1 million, 11 million up on the year ended March 1980.

The current account deficit in April and the year to 45 deepened according to Reserve Bank's summary of overseas exchange transactions. EXPORT receipts for the month were up 16 per cent year earlier. Strong growth in dairy products, up 33 per cent meat, up 27 per cent, wool and fresh vegetables, up 57 per cent, offset a drop in woodings of 2 per cent and slowdown in manufactured goods. Imports rose 26 per cent to \$468 million, foreign receipts by 15 per cent to \$211 million and invisible payments by 34 per cent to \$235 million, giving a current account deficit for the month of \$99 million, year earlier it was \$12 million.

For the year ended April the deficit deepened to \$1.1 billion, the largest since March 1976. The three-month average was brighter ending the deficits culminating in a \$1.8 billion loss in December, with a \$1 million surplus.

Front Focus

— Bevel geared focus assembly allows for fine tuning and razor sharp images. Location of control "out front" enables comfortable operation for both right and left handed users.

Floating Lens

— maintains constant focus of each frame as well as over the entire film plane. Assures ease of operation and readability.

Removable Carrier

— carrier system is easily removed without the use of tools. Helpful when cleaning underside of carrier glass and especially handy when converting from a single carrier to a dual 4" x 6" carrier system.

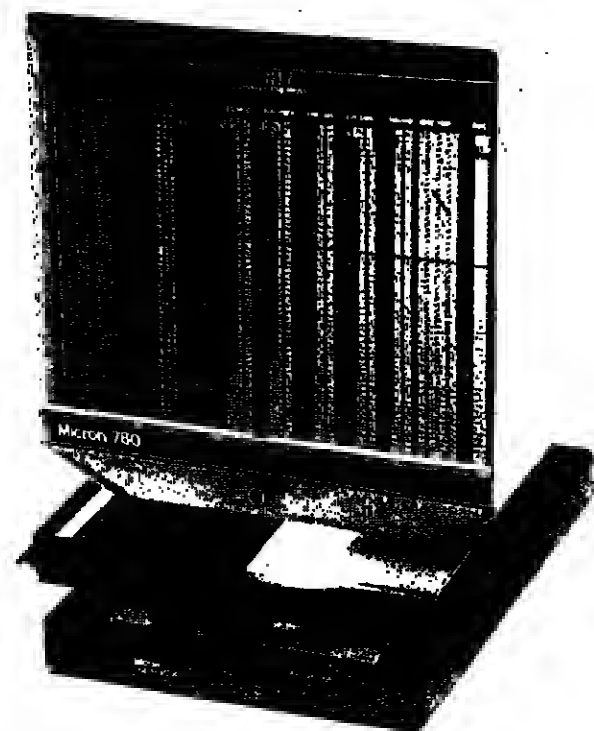
Interchangeable Lens

— the optical system is designed to accommodate a range of standard lenses. Magnifications can be changed by just "dropping in" additional lenses.

Sturdy Metal Construction

— quality built, to withstand the vigorous strain of a heavy usage environment while remaining cosmetically appealing.

Micron equipment — available from Microfile, New Zealand's leading Micrographics Bureau and COM equipment supplier.



Why a Micron reader?

If your company is changing to the convenience of micrographics, you have a decision to make. Which microfiche reader should you buy?

Here are some very good reasons why it should be a Micron reader.

Superior Optics

— unique optical system provides razor sharp images while maintaining evenness of illumination ("no hot spots").

Patented Smooth Tracking Carrier

— rated by many as the best in the industry, Micron's unique ball bearing tracking system provides smooth, effortless location of data and eliminates problems of conventional carrier design. (i.e. allows line by line incrementation without backlash.)

Power Drawer Module

— for easy access maintenance, lamp replacement and cleaning of usually neglected condenser lens.

Fanless Concept

— provides for a quiet operating environment and eliminates the possibility of fan failure and repair. The Micron convection cooling system is so effective that the film plane temperature is lower than most fan cooled units.

"DDS" Extra Long Life Quartz Halogen Lamp

— a newly designed lamp projecting "collimated beams" of light generates intense light on both high and low lamp settings for easy readability.

NOTE: A major consideration in the evaluation of a microfiche reader is the cost of a replacement lamp. This is important because the user must determine the operating costs of the reader. Two prime factors to be considered when determining operating costs are 1) price of the lamp, 2) lamp life.



MICROFILE
A DIVISION OF CHALLENGE CORPORATION LTD.

Wellington Phone: 851-388. Box No.: 3249.
Auckland Phone: 774-496. Box No.: 4185.

Finance

\$500,000 bond on medical societies proposed

by Klaus Sorensen

THE Justice Department is about to recommend that medical health societies be bonded.

It is understood the department — which has been carrying out a review of the question of medical insurance company bonds and how they relate to the flourishing medical health benefit business — will soon recommend to Justice Minister for McLeay that the \$500,000 bond already applied to life insurers, be applied to the medical benefit schemes.

But the industry is apparently divided on the question of bonding. The department believes the

larger medical groups, like Southern Cross and New Zealand Medicare, will be happy to comply with a requirement to lodge \$500,000 worth of government stocks with the Public Trust.

But the smaller groups are likely to fight the proposal on the grounds that they are not insurers.

They maintain they provide voluntary health benefits and are mutual groups.

The Justice Department's attempts to get the medical groups to place a deposit in terms of the Insurance Companies Deposits Act has been complicated by the fact that two of the six or so medical benefits groups are registered

as friendly societies (and administered by the actuarial division of Treasury); others are covered by the Industrial and Provident Societies Act, administered by the Justice Department's commercial affairs division.

The Friendly Societies Act is being reviewed. Changes may help to simplify control and administration of groups such as the medical insurers.

The commercial affairs division is concerned at the activities of some smaller peripheral medical care societies which act like insurance companies without having the same strict legal requirements imposed on them.

Friendly Societies Registrar Kelvin Prisk told NBR last

week that the review of the Act was not completed. Meetings with the Justice Department and the medical care societies were continuing.

He said he was trying to find a common ground, although he felt the question of the \$500,000 bond was not necessarily his "prime concern".

He said his aim was to establish adequate collective standards for the groups, though he thought some of the societies were being foolish trying to pretend they were not selling insurance.

His Act administers two groups, NZ Medicare and Southern Cross, and because of their dominance of the market he felt their views would have

to be taken into account. But NBR understands the Justice Department intends to push strongly for the bond introduction.

Southern Cross chief executive Peter Smith told NBR that his company did not expect to have to meet the requirement in the short term,

but his company already had enough Government stock to fulfil the deposit requirements. But he feels bonding may not necessarily be the only method of ensuring a degree of financial security in the groups. He says solvency tests and tests for adequacy of reserves would do the job just as well.

ADE
THE COMPUTER EQUIPMENT SPECIALISTS

ANDERSON DIGITAL ELECTRONICS
LOWEST IN PRICE

Auckland 865-832 Wellington 865-008 Christchurch 43-001

R. A. JARDEN & CO.
STOCK AND SHAREBROKERS
Members of the Wallington Stock Exchange

9th Floor B.P. House
Cnr Waring Taylor St & Customhouse Quay,
Wellington, New Zealand

Telephone 736-860
Box 3394, CPO Wellington 1
Telex N.Z. 3567
Cables: Portfolio, Wellington

BUTLER, WILSON & CO.
Members of the Auckland Stock Exchange

7th Floor, C.M.L. Centre, Queen Street, Auckland.
Phone 34-357, P.O. Box 45.

ADE
THE COMPUTER EQUIPMENT SPECIALISTS

ANDERSON DIGITAL ELECTRONICS
LEADERS IN QUALITY

Auckland 865-832 Wellington 865-008 Christchurch 43-001

FOR SALE

Olivetti TES 501 Word Processor and set of legal precedents.

Two years old.

Machine under service contract from installation. Full servicing and operator training available throughout New Zealand.

For further particulars apply to:

Hannah Rushton McKechnie & Morrison
Solicitors
P.O. Box 645,
Rotorua

COLLIERS
MIRREX

For all your office — warehouse — factory — shops and investment needs
Property Management & Consultancy
SALES, LEASING, VALUATIONS

Auckland 33-506, Wellington 723-620, Christchurch 788-011
and 15 offices in New Zealand, Australia, Hong Kong, Singapore and U.K.

NZ investors offered chunk of Surfers Paradise

by Warren Berryman

INVESTORS with access to foreign exchange are being offered chunks of Australia's glittering Surfers Paradise by Auckland stockbroker Leuschke Whiteman and Co.

The offer combines aspects of a unit trust and condominium time sharing with some of the added excitement of the futures market.

Property has joined the ranks with cattle and corn as a commodity that can be bought forward on a futures market set up by the Australian futures traders, Alpex Commodity Traders Ltd.

An Alpex subsidiary, Alpex Property Futures, kicked off the scheme two weeks ago with a 12-storey, 36-apartment Monte Carlo complex located one block from Surfers Paradise beach.

Having bought the property for \$14.4 million last October, Alpex sold Monte Carlo to a

unit trust which split it into 1750 units with a par value of \$A6000 each, totalling \$A10.5 million.

Each single unit-holder owns one fiftieth of a \$A300,000 apartment. The complex, run like a hotel, pays unit-holders a return of 2 per cent a year from earnings and offers them a 10 per cent discount on accommodation when they stay at the Monte Carlo.

Units can be sold forward or for spot prices on the property futures exchange set up by Alpex.

A 20 per cent deposit will secure a futures contract to buy one of these units. Brokerage fees run from 2 1/2 to 5 per cent. In this way investors can buy forward, hedge or speculate, in the same way as Sydney or Chicago futures traders buy and sell contracts for cattle, grain, silver or potatoes.

Alpex not only made a capital gain on the Monte Carlo property, cut itself in for brokerage

on every futures transaction and infinitum (there is no intention to ever sell Monte Carlo in toto, though units will be bought and sold) but sold almost all the units like hotcakes.

Leuschke Whiteman and Co is acting for Alpex in this country. The only immediate snag facing New Zealand buyers is obtaining the foreign exchange to buy a unit.

Because of Reserve Bank restrictions on foreign investments and the rapid fall in the value of the New Zealand dollar, the Kiwi with an eye on a spot in sunny Surfers will have to pay a hefty premium for the necessary Australian currency.

Property values on Australia's Gold Coast are escalating nicely.

But when it comes to investing in a unit trust, backed by a futures exchange or not, New Zealand investors might

react warily, remembering the dismal history of unit trusts in this country. Unit trusts such as Fund of New Zealand, Dominion Property Bonds, and Circuit (now Argus Property Bonds) faded with the property boom of the mid 1970s and left unit-holders locked into a losing investment.

But the property market in Australia is rosy. Alpex is planning at least two more unit trusts to be trading on its property futures exchange by the end of this year.

These coming ventures, unlike the Monte Carlo concept, will be required to issue a prospectus approved by the Queensland Corporate Affairs Commission. To obtain this approval Alpex must undertake to buy back units at a specified price.

Alpex's immediate plans call for an \$A85 million international class hotel on the Gold Coast for which it hopes to obtain a casino licence.

Letters

Easing Bob's tax burden

I AGREE with Bob Jones about this reducing the tax burden. I get to think a bit about politics and the like on my early morning rounds for the council and I reckon if the Government takes up Bob's idea I could change my '64 Holden for a '74 model — you know the one they designed to look like a piece of Swiss cheese and Bob could do the same with his Jag and we'd all look better off.

But I suppose when the dust settles I'll still be Jim "hard as rock" Smith and he'll still be Bob "have you caught any lately?" Jones.

Jim H D W Smith
Poosoboy.

As big as your needs.

fold Don he should stop wearing white shirts if they're trying off white-collor pads.

Who watches the watchdogs?

IT is only recently that I have discovered that an article in your newspaper described me as "TV's self-appointed watchdog". I believe the description was not intended to be flattering.

I am unconcerned by the implied criticism but I should like to point out that I should not have had to appoint myself as a watchdog if other, properly appointed, watchdogs had not neglected their duties.

I include the Broadcasting Corporation, the Ministers of Broadcasting and Justice and the Broadcasting Tribunal in this category.

In 1978 the tribunal ruled that the televised "Tidy Kiwi" commercial sponsored by Leopard Breweries breached Regulation 14(3) of the Broadcasting Regulations. This regulation prohibited advertising that promoted the consumption of alcoholic liquor.

The commercial was very low-key advertising, it showed a Leopard beer can in a heap of

rubbish and showed for a few seconds the words "another Leopard Brewery Community Service". No verbal reference was made to the sponsor or the sponsor's products.

Nevertheless the tribunal ruled that the commercial contravened the law.

In spite of this ruling the corporation continued to advertise liquor in many much more direct commercials.

I asked the Ministers of Broadcasting and Justice to intervene. Justice merely passed my letter to Broadcasting.

Broadcasting replied that it had no power to intervene. This was not strictly correct. The Minister has the power, under Section 25(6) of the Broadcasting Act to refer any programme to the tribunal.

The programme must then not be broadcast until the tribunal has ruled on it.

I pointed this out to Mr Templeton and he replied that Section 25(6) was only to be used in "the public interest". I then submitted that the fact that the corporation was almost daily breaking the law was a matter of public interest.

Mr Templeton would not

agree. I later had a short interview with Mr Templeton and formed the opinion that his knowledge of the rules was, at best, nebulous.

My claim that the corporation acted illegally was upheld when, after many months of waiting, the tribunal ruled that four commercials broadcast by the corporation were indeed breaches of Regulation 14(3).

Within three weeks of the tribunal ruling the Government revoked Regulation 14(3). There are still corporation rules about liquor advertising, but the corporation has broken these rules frequently.

Since the beginning of 1981 the corporation has had to uphold two complaints I have made to it and the tribunal has upheld another one.

The tribunal was told by the corporation that the words "Lion Breweries" are "not associated with alcoholic liquor".

The tribunal did not accept this submission but failed to criticise the corporation for its effrontery in making such an outrageous statement.

I have written to the tribunal pointing out that the corporation is wilfully ignoring earlier rulings but have yet to see any action.

So much for the appointed watchdogs!

C R Turner
Hamilton

NBR regrets that — because of technical problems beyond our control — the weekly sharetable was not prepared in time for publication this week.

Save \$46,666 on international travel!



The world of trade is coming to the 1981 New Zealand International Trade Fair Entry is free to qualified trade visitors.

Auckland Showgrounds, 29 July - 5 August

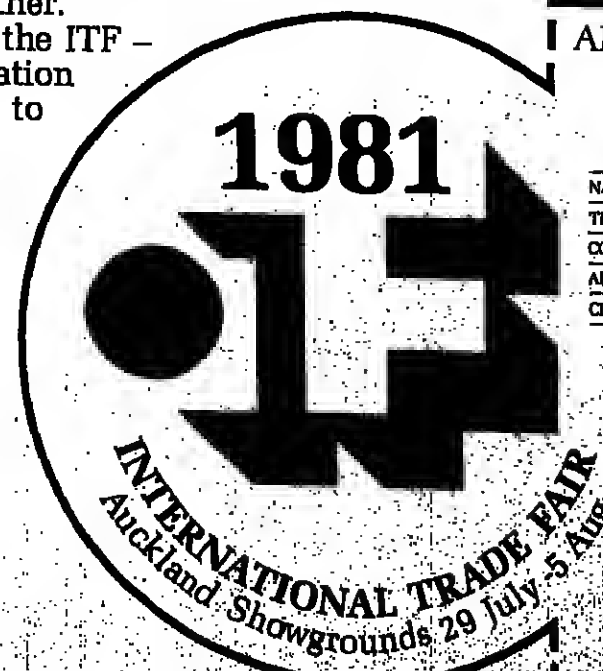
Here's a chance that comes your way in Auckland only once every four years. You can't afford to miss it.

It's your chance to see what the advanced technologies of many leading countries offer you, all in one place, all at one time.

In fact, the total cost of individually visiting them all, Auckland-to-Auckland, would be around \$46,666. And that's just the first big saving you make! You could also make big savings in time and trouble, with no language barriers or other hassles either.

You can't afford to miss the ITF - so don't. Send your registration form in now, the only way to gain admission.

* Total for Economy return ex Auckland to Australia, Austria, Bangladesh, Brazil, Britain, China, France, West Germany, Greece, India, Indonesia, Italy, Japan, Malaysia, Nepal, Pakistan, Philippines, Scandinavia, Singapore, Thailand, Turkey, USA and USSR.



Trade Days

Wednesday	29 July 1981	1.00 p.m. - 7.00 p.m.
Thursday	30 July 1981	1.00 p.m. - 7.00 p.m.
Friday	31 July 1981	1.00 p.m. - 7.00 p.m.
Monday	3 August 1981	1.00 p.m. - 7.00 p.m.
Tuesday	4 August 1981	1.00 p.m. - 9.00 p.m.
Wednesday	5 August 1981	1.00 p.m. - 7.00 p.m.

Public admission is restricted to Saturday 1 August.

APPLY FOR TRADE DAY REGISTRATION NOW!

Please fill in all details and mail to the address below as soon as possible. Your admission badge will be mailed to you promptly. There is no registration fee.

NAME Mr/Ms/Miss/Ms	
TITLE	
COMPANY	
ADDRESS	
CITY	

Products/Services of particular interest

I am a...
☐ MANUFACTURER ☐ WHOLESALE ☐ RETAILER ☐ OTHER (Specify)
☐ I REQUIRE ☐ I DO NOT REQUIRE ☐
 An Air New Zealand travel discount certificate.
 1981 New Zealand International Trade Fair
 P.O. Box 28014, Epsom, Auckland 8

by Klaus Sorensen

WHEN you reach the top, there is normally only one way to go - down. And that was the unfortunate fate of Radio Avon Ltd in the March 31 1981 financial year.

Avon has ridden the crest of the private broadcasting wave, but in the last financial year the company found the tide turned against its impressive run of profits. Ratings fell, advertising revenue slowed, and net profit fell 21.5 per cent from \$159,800 to \$123,501.

And just to add to the company's woes, somebody made a mistake with the tax provision in the original profit announcement. The result of this little boo-boo is that shareholders learn from the annual report that the net profit was actually \$10,000 less than they thought.

Chairman Paul Mortlock gets the apology over with at the start of the directors' review: "On May 5 the directors made a preliminary announcement of the year's results in which it was stated that the rounded unaudited tax paid profit was \$135,000 and it had been obtained after providing \$114,100 for taxation. A mistake was made in calculating the tax liability and in fact the proper provision was \$123,027. The error is regretted."

But the report's bad news does not end there.

The profit and loss account shows the company's profitability problems were more serious than the fall in the net figure suggested.

A reduction in extraordinary losses and write-downs over the 1980 figures year helped cushion the net profit fall, but pre-tax profits were down 25 per cent and after tax operating profits (before extraordinary) fell 35 per cent.

And while the company's main activity was causing problems, its diversifications weren't helping much either.

The value of the Lake Ohau ski field was written down, and a trading loss from the field was accounted for under the associate companies contribution.

Costs were also incurred with Radio Foveaux which was formed during the year. Avon has a 24.9 per cent interest in the new Invercargill station and Mortlock warns shareholders that a loss from this investment has been budgeted for in the current year.

And just in case shareholders thought they could look forward to some tax-free dividends, the company's capital reserve was reduced by a capital loss on the sale of assets, to a meagre \$543.

Apart from these difficulties, Avon's basic problem in the year just ended was that costs rose faster than sales.

Radio operators normally operate on a pretty fine margin between sales and costs. Avon felt the pinch when sales increased by only 2.9 per cent from \$1,677,100 to \$1,725,416, while costs rose 10.4 per cent from \$1,315,600 to \$1,452,800.

The profit and loss appropriation statement is detailed, but despite breakdowns for news, promotions, rents, record and tape purchases and

wages and commissions, there is no explanation for the single largest cost increase, that of "other expenses".

The company managed to hold most of its costs, though some of the largest increases included news expenses up from \$89,992 to \$103,779, promotions up from \$74,312 to \$89,225 and royalties up from \$66,156 to \$81,199.

The two largest single items were wages and commissions up from \$720,074 to \$744,176 and the "other expenses" referred to earlier, which rose from \$159,696 to \$206,747.

There are also a few questions raised by the investment income contribution which fell from \$56,658 to \$29,019.

Dividends from other companies increased from \$585 to \$2,929, income from the company's Kilmore Street properties was up from \$500 to \$2,000, while "other investment income" was down from \$55,573 to \$14,700.

In addition the company received lease income of \$9,390 (nil in 1980).

There are few hints as to why these changes in investment income took place.

The fall in other investment income could be partly attributable to interest earned from the \$200,000 Avon invested on short term deposit at the end of the 1980 financial year (nil for 1981), while the lease income may have come from Avon's purchase - and subsequent lease to the Lake Ohau Ski Field Ltd - of a \$30,000 snow-groomer.

But the lease income of \$9,390 seems a rather high return on a \$30,000 investment for one year.

Business

Analysing annual accounts: Radio Avon



Paul Mortlock... unfair competition.

the withdrawal of \$200,715 on short-term deposits.

However, this latter item found its way into investments, which rose from \$117,792 to \$391,155 due to the investment in Radio Foveaux, and also to the disclosure in Mortlock's review that during the year Avon acquired 22 per cent of fellow listed radio group, Radio Otago Ltd.

Fixed assets were up from \$205,224 to \$252,325 and total shareholders funds were up from \$740,572 to \$764,153.

Mortlock admits the 1981 result was "disappointing" - particularly the slim rise in advertising revenue.

But the directors have paid a "great deal of attention" to the station's problems and staff and programming changes hold out hope for ratings improvements in the current year.

Expenditure was also reviewed and many savings were not reflected in earnings until the last quarter of the financial year, the report says.

But there is another reason for the company's sales slowdown - Unfair Competition - at least according to Mortlock.

Little private enterprise Radio Avon has been suffering at the hands of the state-funded Radio New Zealand.

But it's a valid enough point and Mortlock has said before that the fact RNZ doesn't have to declare a profit for each station can allow it to run some stations in the red to undercut the opposition.

Mortlock says Radio New Zealand's present spending on radio competitions seems to be limitless.

Being state-owned should not preclude RNZ from running the competitions, provided they are kept within reasonable bounds, he says.

The accounts show Avon

spent 20 per cent more on promotions, at \$89,225, in the March 31 year.

Mortlock says that while times dictate that advertising rates should be maintained at a level at least to counter inflation, "it is implicit that the Broadcasting Corporation should conduct its business in a manner which will circumvent the need to increase the television licence fee or approach the Government for loans or grants to the Broadcasting Tribunal for capital expenditure."

"Today Radio Avon is encountering much stiffer competition but it is unhealthy competition because Radio New Zealand's main weapon is money rather than programming expertise. If the company attempted to win listeners by using methods similar to that of Radio New Zealand, the Broadcasting Tribunal and the shareholders would be within their rights to prevent the company from conducting its business in such a manner."

Avon's investment in Lake Ohau will not be the drain on the company profits in the current year that it was in 1981, according to Mortlock.

He says Avon's representatives on the Ohau board have introduced some changes in the operation of the company and a plan for development of the ski field over the next 10 years has been approved, though Mortlock emphasised that any developments will depend on an improvement in the company's financial position.

He says that by the October 31 balance date for the ski field company, "a break-even situation will have been achieved".

Still, even if Ohau doesn't make money there wouldn't be many radio stations around who can boast ownership of \$30,000 worth of "Kassbohrer snowgroomer".

Databank unworried by trading bank mergers

by Stephen Bell

DATABANK is untroubled by the prospect of major changes among the trading banks.

Databank's powerful network of computers clears cheques and performs accounting services for all five trading banks, each of which has an equal shareholding in the company.

That number is due to be reduced to four, with the impending merger of the Commercial Bank of Australia and the Bank of New South Wales.

Further in the future looms the prospect of another banking operation being set up out of the Fletcher Challenge group.

Although the CBA and BNSW are certain to merge, practical consequences are still "a long way off", according to Databank general manager Gordon Hogg.

Representatives of the two banks had not even discussed the electronic consequences of the merger with him, he said last week.

The banks' equal shareholding would have to be adjusted, so as not to give the combined CBA/BNSW operation undue "clout" in directing Databank policy. But that adjustment should not be difficult to arrange, Hogg said.

From the computer and

operations point of view, there would be little problem in absorbing five banks into four.

"We treat each branch as a separate customer anyway," Hogg said.

A change in the name of the bank which owned the branch would simply mean an alteration of one digit in its code.

Some branches might be expected to close down as a result of the merger, but the volume of business is unlikely to be affected either way. "There are still the same number of bank customers out there," Hogg said.

The establishment of a new bank might require more adjustment in the Databank

system, but Hogg said the reported Challenge plans were too far off and indefinite to worry about yet.

The consequences would depend entirely on what kind of bank Challenge decided to run, if any.

Challenge has an extensive computer network of its own and a banking operation within the group might not use Databank.

The bank bureau, of course, has all the necessary programs ready made, but Challenge might prefer a closer integration of bank computer processing with that of its other business activities.

Future looks brighter for BMG contestants

AT the halfway point in the first round of this year's BMG Business Management Game, competitors are facing somewhat brighter prospects than the conditions which applied earlier in the game, says administrator, Vaughan Chetwynd.

Some 280 teams are competing in this year's BMG and, for the first few periods of the game, they found the conditions tough. Markets were small, interest rates were high and liquidity was pushed to the limit because of high levels of overdue debtors.

But, by the halfway point in round one, markets had increased around 20 per cent in

many of the games and most teams had been forward thinking enough to equip themselves with adequate production capacity to meet this growth.

Prices have also risen, on average, around 15 per cent. The highest accumulated profits at this stage stood at \$6 million but some companies misread the signs and are finding profits hard to come by as a result of combinations of under-marketing or overpricing.

Some other companies, in an effort to maintain liquidity have aimed for lower prices and found themselves in bad "stock-out" situations with considerable losses in following periods.

"On the whole though, most games seem to be fairly close with only a few thousand dollars separating the leader from the last in each game," Chetwynd says.

"We're keeping our options open at this stage but we are considering the possibility of allowing more teams to go through to the second round than just the winners in each game. We'll judge it on how close the finishes are to each other. The top 10 per cent of about the top 10 per cent of each round will go on to the next round. The first round is scheduled to finish on June 24. The second round will begin on July 9."

The Business Management Game is run by the education and training services division of International Computers (NZ) Ltd as a management training service to New Zealand companies and individuals. The game is co-sponsored by National Business Review.

The team which wins the national final held in Wellington in December will receive a cheque for \$2000 from ICL and receive copies of NZ Business Review, the publishers of BMG. The other regional final teams will receive cheques for \$500. All finalists will receive a year's free subscription to National Business Review.

FOURTH ESTATE SUBSCRIPTION SERVICE

To subscribe to or purchase any of the newspapers, directories or books published by the Fourth Estate Group simply fill in and post the coupon below. Please make out cheques as indicated (overseas postage rates on request). If two different companies are indicated for multiple purchases, please make out cheque to Fourth Estate Group, P.O. Box 9344, Wellington.

(Please ✓ where appropriate)

<input type="checkbox"/> I/We enclose \$30 for one year's subscription to <i>National Business Review</i> .	<input type="checkbox"/> Please bill me/us.
<input type="checkbox"/> I/We enclose \$85 for one year's subscription to <i>The Capital Letter</i> .	<input type="checkbox"/> Please bill me/us.
<input type="checkbox"/> I/We enclose \$8 per copy plus 50 cents postage for copies of <i>The Transport Book</i> .	
<input type="checkbox"/> I/We enclose \$5 per copy plus 50 cents postage for copies of <i>The Office Book</i> .	
Name <input type="text"/>	
Address <input type="text"/>	
Occupation <input type="text"/>	
Signature <input type="text"/>	

Transport

Lessons for all in road-rail urea transport wrangle

by Bob Stott

INDUSTRIALISTS' actual and potential, officials in local government, planners, environmentalists, and economists should be following Taranaki's Great Urea Transport Debate very carefully indeed.

Most might not care how the urea is carted from Kapuni to the port at New Plymouth because they don't live in Taranaki and regard it as a local issue.

But the principles being discussed in Taranaki have implications nationwide.

At the end of last year, the *Daily News* in New Plymouth reported that "Petrocorp's reported plans to transport by road exports of urea from Kapuni to Port Taranaki for at least 10 years came under fire from a Stratford county councillor" at a council meeting.

D E Walter expressed concern that ratepayers would have to pay more to maintain roads

and there would be additional traffic hazards. The council, he said, should urge the Ministers of Works, Transport and Energy to co-ordinate efforts to transfer cartage of bulk urea from Kapuni to the port to "the existing under-utilised railway system."

"New Zealand for too long has enjoyed the luxury of parallel communications both under-utilised and over-capitalised . . . the projected road route involves around 25

truckloads of 20 tonnes per day plus the return route," he said. He did not blame Petrocorp, because road was obviously cheaper and more convenient for the company, but there were other costs to be offset, such as overseas exchange of trucks and fuel, road upgrading, traffic congestion, danger and noise pollution.

Walter's suggested solution: "We should seek some bulk rail traffic toll concessions, possibly through grants to the area."

In March, at a meeting of the Taranaki Local Bodies' Association, Waimate West County Council representative S Spier said: "I think there should be some approach to get it (the urea) transferred back to where it belongs, on the railway."

Waimate West chairman P Joyce said a committee had been formed by several counties and that the committee had decided that "if they are going to continue transporting by road we expect compensation to upgrade the roading network."

The *Daily News*, on March 31, reported that roads between Kapuni and New Plymouth would be studied to see if they could cope with the regular truckloads of urea which were expected to travel to the city from next year. This followed an approach by the Minister of Energy to Petrocorp, whose secretary had said the Minister had been approached by local authorities who were concerned the roads would not stand up to the traffic.

On May 7, the *Daily News* told how New Plymouth City Council town planner I H Dudding had produced a report which said "yet another nail would be added to the Railways coffin if the road option was accepted on the basis of short-term single-issue costs alone."

Rail tonnages through Port Taranaki had been declining over at least the last 10 years. If this decline continued the remaining tonnages carried by the railway might end up being carried through the city streets by truck, as had happened at Gaborne.

The city council's town plan-

ning committee endorsed Dudding's suggestion that the council give "every assistance" in encouraging rail transport of urea.

Not surprisingly, it was not long before some Taranaki road carriers protested that Railways would be providing "crazy quotes" to secure the urea traffic.

The carriers' attitude obviously ignored the fact that local government members had suggested some sort of grant he paid to ensure that the urea was carried by rail . . . and if a grant was paid, the effect would be the same as if "crazy quotes" had been given, at least from the road carriers' point of view.

At that stage, Railways general manager Trevor Hayward issued a statement: Charges to rail urea to Port Taranaki were made on a commercial basis, he said. NZR had provided a package proposal to shift the urea and the freight charge would provide a sound economic return for NZR as well as ensuring Taranaki's roads were not congested by road transport shifting the urea.

NZR ensured that all special rates quoted were on a sound economic basis which provided a worthwhile return on the public's investment in NZR. Petrocorp apparently favours road transport from Kapuni to the port. Local bodies in the area fear that their roading costs will increase — a lesser worry is the effect of heavy traffic on the community.

Some in local government have suggested that Petrocorp should receive some payment to make rail more attractive, or alternatively that roading authorities should be reimbursed for extra roading costs.

Either way, this means local carriers would not get the trade, prompting some to talk of "crazy" rail rates. But NZR says rail quotes are soundly based, and would give a satisfactory return to the rail system.

A similar incident occurred when the Karioi pulp mill was being built. Originally, the mill's owners proposed sending export pulp by road over the Taihape-Napier route, a steep, winding and narrow road

known far and wide as the "Gentle Annie".

Local bodies sharing the maintenance of that road by their heels in, NZR came up with a proposal and with a lot of a push from the local pulp has moved by rail the plant opened.

In Northland, local bodies have made clear that while they are enthusiastic about the dawning new age as a few resource boom areas they don't want to have to upgrade their roads. Where possible, they want rail, even if it means building new lines.

A real problem is that rail cost the user more, partly because of the difference between rail and road financing. An industrialist building a new factory, broadly speaking, gets a free road transport system. It has to do it himself, and an obliging authority will supply a highway automatically . . . not has up till now.

In the case of rail, the factory owner has to meet the cost of getting a rail connection to his plant. The cost of operating the road link tends to get "lost" to the system because there is no way of showing what the extra road usage arising from the establishment of the factory is costing.

Perhaps the time is approaching when something like Britain's freight facilities grant system, (described and discussed in this column several times in recent years) could be introduced.

The system allows for grants to be made to firms to cover much of the cost of private rail sidings, cranes, etc, for transferring loads to and from rail, paving of rail yards and their floodlighting, shunting locomotives for the sidings and privately owned rail wagons.

The grant system was directed at things environmental, rather than boosting rail traffic and indeed it has not brought about an upturn in the fortunes of British Rail's freight service.

But it has rectified a number of bad cases of trucks damaging urban and village life.

hille—

nobody does it better.

Zip

Commercial Interiors

A DIVISION OF ZIP HOLDINGS LTD. A MEMBER OF THE COOLING GROUP

27 Sale St. P.O. Box 188. AUCKLAND. Tel: 752-104. 414 Toi Paga Rd. P.O. Box 10-261. HAMILTON. Tel: 453-918. 77 Thomson Quay. P.O. Box 545. WELLINGTON. Tel: 723-771. 39 Manchester St. P.O. Box 4163. CHRISTCHURCH. Tel: 43-537. 282 Kaitiaki Valley Rd. P.O. Box 2142. DUNEDIN. Tel: 36-284.

Environment

Link review shows lobbies at odds about 'over-ride'

by Ann Taylor

MINERS promote their industry as a threat to national prosperity. Environmentalists are concerned at the effects of an unregulated industry on land, rural communities and vulnerable ecosystems.

Miners are worried that the Link review does not draw that conclusion, and immediately turns to ways of avoiding local body hearings.

Federated Farmers representative Peter Waugh, while reluctant to be "lumped in" with the environmentalists, echoed their concern.

"The final say should be outside the political arena . . . prospecting is a land use and as such should be subject to the same provisions that other land uses are," he said. "A hopefully impartial Planning Tribunal should have the final say. There are a lot of political horses if the final say is left to the Minister."

Miners contend that prospecting is not a land use, and should not therefore be subject to "further frustration in the form of town planning control".

The Link review states that "exploration and prospecting activities are, by nature, not activities which can properly be subject to planning consent".

All parties agree that there is a fine line between prospecting and mining, but concerned groups on the Coromandel would point to the despoilation of Maritahi Hill near Waihi under a prospecting licence.

Waugh outlined farmer concerns and equated the threat from mining with that from forestry. He said farmers agreed with the review's contention that more information should be made available and that the automatic right to mine should be dispensed with.

He said companies which advertised their intentions, for example, on Christmas Eve, in small newspapers, kept people ignorant of their applications.

Waugh said farmers wanted rehabilitation of land to be an inherent cost and compensation provisions incorporated in any changed legislation.

The enforcement of conditions, laid down and administered by the Mines Division, was inadequate, he said. He suggested that an impartial land liaison officer, with power to close works, should be appointed.

Environment Minister Ian Shearer's idea of a levy on mining companies "has a lot of merit", he said, arguing that the extractive nature of the industry left little in the way of long-term community services in place.

Unless existing applications came under the amended legislation, it would "be like closing the stable door after the horse has bolted", Waugh said.

Federated Farmers did not like the concept of retrospective legislation, but there was "no reason why those applications

an argument that Hamilton West MP Mike Minogue is apparently pursuing in Caucus.

At a meeting convened by the Australasian Institute of Mining and Metallurgy in Wellington last week, Wallace said the Minister of Energy was "essentially an interested party and should not therefore be an arbitrator."

"The Link review does not draw that conclusion, and immediately turns to ways of avoiding local body hearings."

Federated Farmers representative Peter Waugh, while reluctant to be "lumped in" with the environmentalists, echoed their concern.

"The final say should be outside the political arena . . . prospecting is a land use and as such should be subject to the same provisions that other land uses are," he said. "A hopefully impartial Planning Tribunal should have the final say. There are a lot of political horses if the final say is left to the Minister."

Miners contend that prospecting is not a land use, and should not therefore be subject to "further frustration in the form of town planning control".

The Link review states that "exploration and prospecting activities are, by nature, not activities which can properly be subject to planning consent".

All parties agree that there is a fine line between prospecting and mining, but concerned groups on the Coromandel would point to the despoilation of Maritahi Hill near Waihi under a prospecting licence.

Waugh outlined farmer concerns and equated the threat from mining with that from forestry. He said farmers agreed with the review's contention that more information should be made available and that the automatic right to mine should be dispensed with.

He said companies which advertised their intentions, for example, on Christmas Eve, in small newspapers, kept people ignorant of their applications.

Waugh said farmers wanted rehabilitation of land to be an inherent cost and compensation provisions incorporated in any changed legislation.

The enforcement of conditions, laid down and administered by the Mines Division, was inadequate, he said. He suggested that an impartial land liaison officer, with power to close works, should be appointed.

Environment Minister Ian Shearer's idea of a levy on mining companies "has a lot of merit", he said, arguing that the extractive nature of the industry left little in the way of long-term community services in place.

Unless existing applications came under the amended legislation, it would "be like closing the stable door after the horse has bolted", Waugh said.

Federated Farmers did not like the concept of retrospective legislation, but there was "no reason why those applications



Maritahi Hill . . . mine study

shouldn't come under the orbit of this legislation."

Wallace said the principle of retrospective legislation "paled into insignificance against mining without proper planning."

John Lawrey, president of the Mineral Exploration Association, read the association's letter to the Minister. It

said "only Government can act truly in the national interest, free from sectional pressures that impede local government administration."

The miners argued that "central government has a duty to maintain the jurisdiction of the industry that the Act provides."

Jack Braithwaite, general

manager of Lime and Marble Ltd, appealed for mining to be encouraged to balance the country's overseas deficit. He said mining was in the national interest and "therefore control has got to stay central".

He said mining companies were happy to work with groups that "acknowledge we need mining", but not with groups which are "implacably opposed . . . who use misrepresentations, half-truths and lies".

Wallace described procedures in Alberta, Canada where a company which wanted to exploit resources had "to make a case for it". A base line of information — the technology, local site impact report, environmental impact report and a national cost benefit analysis — had to be provided to local bodies, which could ask for more and could

"provide the company with resources for making decisions".

There is consensus among the opposing factions that the Mines Division is under-staffed and that a *de facto* moratorium exists because of the time taken to process applications.

A real moratorium exists because a High Court decision on the admissibility of evidence to a Thames District Court hearing waits to be heard on June 27.

The Link review does push the case for more information to be made available on mining company plans and for adequate notice to be given for objections to be heard.

While the farmer and environmentalist representatives addressed themselves to the call for more information, the mining representatives left it in abeyance.

ANALYSIS
of the rainbow



Above: Rover 3500 Automatic. In the background: Rover 3500 Automatic. In the background: Rover 3500 Automatic.

Rover 3500 Automatic. In the background: Rover 3500 Automatic. In the background: Rover 3500 Automatic.

ROVER
New automatic driving technology
MC98

New Zealand Motor Corporation Limited Ltd

LADE
THE COMPUTER
EQUIPMENT
SPECIALISTS
ANDERSON DIGITAL
ELECTRONICS
NATIONWIDE
SERVICE
Auckland 855-832 Wellington 895-008 Christchurch 43-001

ALAN BEAGLE DRIVES THOUSANDS OF AUCKLANDERS OUT OF THEIR HOMES



Everyday thousands of Aucklanders leave their homes to enjoy their city... to eat out, see movies, plays, concerts, late night shopping... and make Hauraki and Alan Beagle, Auckland's most popular* Radio Station.



Fred Botto
Breakfast
5.00-9.00am



Brooke
9.00am-12.00 Midday



Kim Adams
Midday-3.00pm



Alan Beagle
3.00pm-7.00pm



Dave Walker
7.00pm-Midnight



Michael Catton
Midnight - Dawn



Jon Diamond
Midnight - Dawn



Doug Harvey
9.00am-Saturday

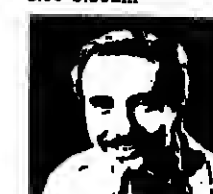


Pat Boff
Community Service
- Sunday

RADIO HAURAKI



*McNair Survey, April 1981.
Hauraki Rated No. 1, 4-7pm All People.



Les Thompson
The Thompson Report
Weekdays 7-11am

Corporate head-hunter

Gordon McLauchlan, a time management consultant, says John Wareham has been in his homeland, visiting local branches of his international executive search firm, promoting his second book, *Secrets of a Corporate Head-hunter*.

The Christchurch-born Wellington-educated economist and accountant opened a branch in Wellington in the early 1960's, moved to Auckland, then on to Sydney, and nearly five years ago hung up his executive search firm shingle in New York.

He now has branches in those cities, and also in Christchurch, Melbourne, Chicago and London.

In 1971, Wareham wrote a book published by A H and A W Reed called *How to Climb the Money Tree*, a snap, crackle and pop treatise on how to be commercially ruthless and laugh about it.

He is a positive thinker, particularly about himself. He told NBR that *Secrets of a Corporate Head-hunter* (published by Atheneum, a United States firm) had been "very well reviewed" in *Business Week*, and with comment from *The Wall Street Journal* that the book contained "advice so shrewd it's almost unfair".

Wareham added: "Everyone agreed it was both witty and shrewd. And it's amusing. It's really a sugar-coated pill and there's some good in-depth material in there too."

He invited comparison between his book and *Confessions of an Advertising Man*, the ad-world classic by David Ogilvy which, he understood, sold about 50,000 in hard covers.

Secrets of a Corporate Head-hunter has already sold 60,000, not including 2000 in New Zealand where the publicity has been getting under way.

He feels his book has broader appeal than Ogilvy's "because my stock and trade is people and how they behave".

Secrets of a Corporate Head-hunter starts with "Managing people is like managing a bee". After that he tells about the beginning of a Sydney-

Hobart yacht race he competed in, and he runs the race as a kind of allegory through the book.

Wareham is a smart operator, knows his job, and has the Midas touch in business. He says his latest book is "more urbane" than *How to Climb the Money Tree*, but if it advocates doing business the same way then squishy businessmen should leave it alone.

Good start for Metro

by Lindsey Dawson

THE country's latest vehicle for upmarket advertising, the *Auckland Metro*, has started well. Sixteen thousand copies sold in the first two weeks. Editor Warwick Roger said that South-western Publishing expected to sell the remainder of the 23,000 print run.

"It's selling very well where we expected it would - in Remuera, Takapuna and the eastern suburbs, but it's not doing so well in Henderson."

The *Metro*'s second issue would contain more service features which would make it more appealing to a wider readership, he said.

Comment on the first issue has been generally good, although broadcaster Gordon Dryden objected strongly to his home being included in a picture gallery of the residences of top Aucklanders.

All the photos were taken from the street and little shows of many homes but garages and rooflines, but Dryden felt that the feature was an invasion of privacy.

Liquid soap on tap

by Lindsey Dawson

THERE have been few innovations in the toilet soap market for 100 years, but a simple idea is creating a huge worldwide boom to a new way of hand-washing. Moisturised liquid soap on tap is pumping up big profits for soap-makers.

Two pump-soap packages have just arrived on the New Zealand market, Cascade and Johnson's Wax Creme Soap.

They are in attractive decorator packs to match

bathroom decor and refills are available. Housewives seem to be going for the no-mess, no-waste concept in a big way.

A small American business called Minutanker started the trend, opening up the States region by region and spawning a mass of imitators. Different packages and colourways are now available by the dozen. Johnson's Wax picked up the idea for Australia and there are about 10 different pump-soap products available there.

Worldwide demand is such that the two main manufacturers of the pumps, particularly the United States Calman company, can take no more orders before Christmas.

A spokesman for Johnson's said the company was working hand-to-mouth from the local importer and that the market could be limited by pump shortages.

The pump packs retail for about \$2.20 and each contains enough soap for about 300 handwashes. The time packs last probably depends on how many small children in the household get carried away with the joys of putting all hands to the pump...

Laundry aid breakthrough

by Lindsey Dawson

JOHNSON'S Wax has begun marketing a new laundry-aid product called Tumblers. The idea originated in the United States where it is a strong seller. They are being manufactured here by Tumblers Ltd, a small, two-man firm which approached Johnson's to do the marketing.

"I was sceptical at first," said group product manager Ray O'Connor. "But it works very well. We've done a lot of market research and although it's too early to tell yet as we're still delivering to retailers, initial reaction has been very good."

The product is a strip of foam impregnated with an anti-static and fabric-softener formulation, which is tossed into tumbler dryers along with the wet laundry.

The heat of the dryer releases the chemicals which are supposed to leave the dry washing

soft, fragrant and without the usual electric crackle and cling. The manufacturers have worked out their own formulation and have a New Zealand patent.

It may be used by Johnson's in Australia, where Proctor and Gamble have the only other anti-static tumble strip on the market. There is a paper substrate instead of foam.

The growth of city living in the States, where housewives have no access to outdoor clotheslines, has boosted demand for such products.

Cleo finalist once again

by Warren Berryman

ADS for Lemon and Pueros - the Kiwi's answer to Coke - hit the finals of the prestige international Cleo Awards for the third year running.

This is believed to be the first time any single product has reached the finals three times running.

L and P ads, created for Oasis Industries, by Macharmans ABH International of Auckland won a Cleo gold in 1978 for a TVcinema sound track and another gold in 1979 for a print line reading "L and P or just".

Competing with entries from 28 countries, Macharmans' 1980 L and P ad entry made it to the last five finalists, but failed to win a gold.

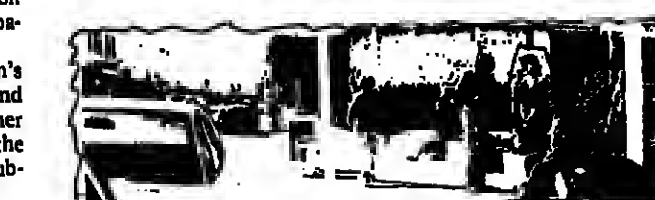
But, after picking up the L and P account in 1977, the Macharmans-Oasis marketers doubled L and P's market share. The product is now being exported to countries within the Pacific Basin.

Worldwide link

PR company Consultus has been appointed the New Zealand associate of a worldwide consultancy, Burson-Marsteller. It is one of the two largest PR concerns in the world with 30 offices on five continents and a staff of 650.

"We are already looking at the application of this worldwide service for specific client needs," Consultus principal Robio Clute said.

Labour off the mark



Labour's got a better future planned for our kids

by Grev Wiggs

THE launching of a party political advertising campaign in May of election year indicates a new approach to the task of vote-gathering.

Labour's three-quarter page advertisement a week or so ago in dailies was designed to capitalise what secretary Wybrow described to *Admark* as "the momentum generated by the conference".

Although the campaign is being piloted by an agency, the ads will be created by a panel of freelance talent under the direction of Simon Walker.

"This is a planned campaign which will carry right through to the election," said Wybrow.

Although the timing of the release was unconventional, the ad itself was orthodox, though professionally executed.

David Brett wins FCL

AUCKLAND-based David Brett Ltd has won the Fletcher Challenge corporate public relations account. It will be handled from Wellington by David Brett director Kevin Dowling and fellow practitioner Paul Prince working with Fletcher Challenge corporate relations director Lin Stoddart.

company, Allan Fenwick Ltd, submitted for the account. Allan Fenwick handles the PR account for Tasman, now a member of the huge Fletcher Challenge corporate grouping.

David Brett Ltd has for some years been working for various components of the Fletcher group in Auckland.

PR president

THE Public Relations Institute of New Zealand has



elected Michael Veal of Wellington as its new president. He is managing director of the PR consultancy Michael Veal and Associates.

NEW ZEALAND

COURIER SYSTEMS

World-Pak

We go all the way

Now, when you need to send urgent or highly confidential documentation to Australia, Singapore, the Middle East, North America or Britain, one of our WorldPak couriers goes too. His assignment - to make absolutely sure your material reaches its destination with top speed, top security. WorldPak couriers take the delay and uncertainty out of international document movements. They travel to a predetermined schedule, based on international flight timetables, shepherding your consignment quickly and safely through necessary but otherwise time-consuming formalities here and abroad.

The new on-board courier system is a positive solution to off-loaded freight, missing consignments, clearance delays and uncertain delivery times.

Although our WorldPak courier system travels the globe, it doesn't cost the earth. For example, minimum costs, based on weights to 500 grams, are Sydney \$12.00, Singapore \$18.00, Bahrain \$31.00, San Francisco and London \$24.00. A small price to pay for someone who goes all the way.

Contact your nearest Courier Systems office for further details.

When it's speed you need - call

COURIER SYSTEMS

Auckland: 180-1800
Christchurch: 341-1111
Dunedin: 341-1111
Hamilton: 341-1111
Invercargill: 341-1111
Wellington: 341-1111
Whangarei: 341-1111

Life Offices Association rejects Templeton's chiding

THE Life Offices Association rejects criticisms levelled by Deputy Finance Minister Hugh Templeton at its recent annual luncheon. They take issue particularly on questions of taxation, investment performance and management expenses.

The Minister claimed that personal tax exemptions for individual superannuation contributions and life insurance premiums were a concessional tax treatment of the life insurance industry.

But LOA chairman Gil Hoskins said reasons for increasing the exemption, cited in 1976, were still valid. And when the LOA was appalled by the fact the exemption value is half what it was then, it was speaking on behalf of superannuation contributors and self-employed people as well as life insurance companies, he said.

Hoskins said it was in the Government's interest to encourage long-term saving. He lamented what he believed was the Government's discouragement of such saving by leaving the exemptions at their present level.

He noted that other Western countries — recognising that people should be able to protect their lives — provided retirement incomes and incentives.

Hoskins said self-employed people were particularly vulnerable because of their need to provide for themselves. Australia had taken steps to allow significant deductions for such people.

"National superannuation is not the full answer to retirement income, nor should it be expected to be," he said.

On the question of life office taxation, the LOA is concerned at the Minister's suggestion that life offices are well treated in the amount of tax they had to pay.

The LOA argues that life offices pay too much tax for several reasons:

It says the interest rate used to value bonuses is 4 per cent and was set when Government stock interest rates were 5 per cent or lower. The rate should be raised to around 12 per cent, which would reduce life office tax bills to less than half their present level.

The LOA also believes the industry is not able to offset tax already paid on dividends from the companies in which it invests.

The Government directs some 50 per cent of life office assets into lower earning fixed interest areas, and the LOA asserts that this means a loss of about 2 per cent in interest earnings on half its funds and results in a form of direct tax to the tune of \$35 million a year.

The LOA also believes its tax base doesn't allow it to benefit from special exemptions offered by the Government periodically. It says this means accelerated depreciation.

In terms of total company tax paid by the industry, the LOA points to a Reserve Bank corporate survey which summarised the results of 64 listed companies and 119 overseas companies. Of the total tax paid by all those companies (\$83 million), ten of the LOA's members (5.5 per cent of the total) paid \$22 million (27 per cent of the total).

In general, the LOA says it has made a reasonable contribution towards total tax raising.

In his speech, the Minister said special tax rates for life associations' first came about when they were mutual associations and could be seen as pools of investors rather than separate entities.

The LOA's answer is that there is little merit in distinguishing between mutual and proprietary companies in any tax discussion. It says proprietary companies have rigid rules about distribution of their

surplus and proprietors put up capital which has to be serviced.

Hoskins comments: "We believe that the policy-holder gets a fair deal whatever the nature of the life company and we do not accept that there has been any significant change in the overall industry structure which existed in earlier years."

The Minister, noting the rapid change in the financial system, said LOA members generally had been flexible in adapting to change, but the question was whether life offices could develop and market their own services better in terms of those changing conditions rather than asking for concessions.

He asked how the life offices saw their involvement in resource development projects over the next century.

The LOA says it agrees that

returns on investment are a key factor in growth, but disagrees with suggestions that life office performance is poor.

It says published indicators of life office returns are book value based, and therefore almost meaningless.

Investment portfolios need time to adjust to rapid interest rate changes, although recent history indicates a steady rise in earning rates.

The LOA says life contracts are attractive from an earning point of view, and will become more so in future years.

Templeton noted a steady rise in management expenses from around 13 per cent in 1940 to some 20 per cent in 1970. From 1970-78 there was a further 8 per cent rise, he said.

He compared administrative costs in proportion to average total assets.

The LOA counters that the Minister's comments relate to premium income, rather than total revenue. If the Minister based his comments on total revenue, it says, expenses would have been under 13 per cent and in 1979 around 16 per cent.

The association believes these rises to be moderate, considering the inflation rate in recent years.

The Minister compared cost effectiveness of the life companies with that of other institutions, such as permanent building societies, private savings banks and trustee savings banks.

The LOA points to "fundamental differences in the costs included".

It cites the differences between life offices costs and those of savings banks. Life offices include the cost of obtain-

ing new business, saving banks do not.

If the life offices did not include this factor, the association says, costs would be around 2 per cent of assets, a figure comparable with other institutions.

Since Templeton delivered his speech, the LOA says it has been concentrating on the campaign for an increase in the personal tax exemption for life policies and superannuation and claims to have had some response from other sectors such as the Manufacturing Association, the Stock Exchange Association and the Institute of Engineers.

LOA executive director Barry Bryant says the target is the outside community has been strong. But the Minister is saying that, in the present fiscal climate, it is difficult to see change being effected.

What we need is a million new solar heaters

AFTER reporter Allen Parker's seven-week examination of the Government's resource development strategy and the problems inherent in its implementation, the issue is now with NBR readers.

Late last year we sought ideas from readers for making use of our limited, though relatively cheap, energy resources and our surplus labour.

Our intention was to show that there were a number of ways to use our scarce resources that either singly or in aggregate might produce national benefits as great as those produced by the proposed South Pacific Aluminium smelter at Aramoana.

To encourage readers to spend a few hours jotting down their ideas, we offered contributors' retain (1000 words: \$60) for any ideas which we print.

These ideas have been considered by NBR in terms of their potential national benefit, their approximate rate of return, the number of new jobs created in relation to the amount invested in the project, the foreign exchange benefits and the amount of foreign investment generated, if any.

Now NBR is publishing selected submissions (which are not being presented in any order of preference, but which meet the criteria we set out):

This week's contribution was submitted by Norman Smith, of Havelock, Wellington.

THIS proposal is broad in principle and short on detailed economic analysis. It's not too big (or yours, for that matter) to provide anything more than the germ, or could I modestly say, gem of any alternative strategy.

For too long the makers of Government policy have stated "if you don't like our ideas give us an alternative," and then expected a detailed proposal. Given the minuscule resources the alternative energy planners have at their disposal, it's just not possible to expect such answers.

Of course this is lacking in detail. It's 10.30 at night and I'm tired and I don't have a secretary at my right arm and a team of researchers and librarians to provide the figures, and I've still got the dishes to do. But let me get this off my chest:

There are about one million



houses in New Zealand and solar heating for domestic hot water has been shown to be almost equally beneficial in all parts of the country.

Mass-produced, it must be possible to manufacture and install one million domestic solar heating units for \$1000 each or less. This would cost in total

only \$1000 million, the approximate cost of the Clutha development.

Even if they are supplied free (yes, that's what I said), it would still cost only what we are already planning to pay to build the Clutha dams.

Failing that, the heaters could be subsidised to the extent that water heating from solar would cost the same as from electricity.

Manufacturing of the systems could be a massive regional development project; build them in several centres, perhaps with some preference given to areas where unemployment is greatest.

Product development, manufacture and installation would require a wide variety of skills and create considerable employment, not to mention "spin-off" benefits in other fields, just about every one you could name.

If American figures are to be believed (a recent United States report stated that \$US2.1 billion invested in solar energy installations would create 57,000 jobs), in one fell swoop we would eliminate virtually all unemployment for a number of years, longer still if space heating using solar energy follows on.

At the same time, without

damming the Clutha, we would create a far greater surplus of electricity than the Clutha could ever provide. (One-third of domestic electricity is used to heat water, one-half of that can be provided by solar. Domestic consumption equals how much of total consumption...? Oh, for a researcher with a calculator...)

The surplus electricity would be available for worthwhile New Zealand projects — you guessed it, multinationals and their friends need not apply. Perhaps we could start with electrification of South Island railways (lots of jobs and lots of savings, in the end, on imported fossil fuels and overseas funds).

But how will a million solar water heaters in a million homes earn us overseas funds, I hear you cry. More to the point, what will it cost us in overseas funds? If it's as little as I suspect (but don't have the time to calculate because I don't know the price of copper and whatever), it will mean we don't need to earn overseas funds in such large hunks.

I confess that such an alternative strategy will have some far-reaching consequences and the question is, are we prepared to pay the cost. I refer to such things as greater freedom from foreign capital and control, greater insulation from the consequences of increased oil prices, elimination of the need for nuclear power, however, significant decentralisation of energy planning and development, major regional growth and full employment. It could all be a bit much to cope with.

Should you see fit to publish this, please send the payment cheque to the DSIR to supplement the paltry sum they receive each year for research and development of solar energy alternatives.

Introducing NEW FORD ECONOVAN

The unique six wheel business booster!

More than anything else this vehicle is a tribute to common sense. To an engineering team's pursuit and attainment of excellence. To a simple idea that was allowed to grow into a classic design concept. An economic model in more ways than one.

FLAT FLOOR "MONEY MAKER" DESIGN
Econovan's "no wheel arch" load floor gives you 5.22m³ of unimpeded space, and a one tonne payload.

To provide this unique feature, the customary two rear wheels have given way to two sets of "duals". A big bonus for traction, stability and braking efficiency.

ECONOVAN — THE PROMISE IN THE NAME

By naming this vehicle Econovan, we are laying our reputation for fuel efficiency on the line. But look how Econovan lives up to it. The 1.6 litre OHC engine and 4 speed manual transmission will give you open road fuel economy (unladen) of up to 9.1 l/100 km (that's 31 mpg).

"TORSION GUARD CHASSIS"

A separate chassis significantly reduces chassis twist in the most severe load and road conditions, adding years to body life.

FULLY FLOATING REAR AXLE

Total vehicle weight is carried by the axle housing, not axle shafts, resulting in longer life for shafts and bearings.

LOAD SENSING BRAKING SYSTEM

A special Load Sensing Proportioning Valve regulates the braking balance between front and rear wheels according to the load being carried. This reduces the risk of rear wheel lock-up, and makes for easier braking and longer tyre life.

VARIABLE RATIO STEERING FOR EASIER HANDLING
For steady straight ahead "feel" and quick response when turning and parking. A tight turning circle of 9.4m (31 ft) gives exceptional manoeuvrability.

PASSENGER CAR COMFORT

Superior independent front suspension incorporates coil springs and hydraulic damping. Two-stage rear leaf springs give you the softest ride in partially laden conditions.



EASY ACCESSABILITY OF MAJOR COMPONENTS
Both driver and passenger seats lift to provide easy access to engine.

LOW OPERATING COSTS
In addition to Econovan's thrifty fuel consumption and durable design, you will benefit greatly from the wide availability of low priced Ford Parts and Service.

Check these space against the competition. Then ask yourself what other van can offer:
Up to 9.1 l/100 km (31 mpg) fuel economy
PLUS 5.22m³ load space with no wheel arch intrusion

PLUS Passenger car ride and comfort
PLUS Such a high degree of reliability

PLUS Such low operating costs for such a reasonable price? Econovan's "Money Maker" design efficiency and low cost of ownership gives it a genuine edge in working and earning potential. For the owner/operator it is surely the ideal dual-purpose vehicle for work and weekend driving.

See your Ford Dealer for full details.

HIGH QUALITY FINISH
Comfortable foam-padded seats, full-length roof lining, door trims, twin-padded visors, padded dash panel and car-like driving controls.

CAB CONVENIENCE
Very spacious cab with large window area. Equipment includes safety "break-away" interior rear view mirror, 3 position interior light, non-glare instruments, powerful heater/demister and electric screen wash.

Ford Motor Company of New Zealand Limited. Prices and specifications subject to change without notice.



Moving business your way!

FORD COMMERCIALS



When people talk franchising I.F. listens.

If you have a product, business or service that you believe can be franchised, International Franchising would like to hear from you.

We consider ourselves the world's top franchising professionals and believe that our track record can back up this claim.

We have been involved with the development of many of Australia's and New Zealand's major franchise programmes. Some of our greatest franchising successes have come from companies or individuals who weren't even sure if they had something to franchise.

Our initial meetings are on a no obligation, no cost basis. When you do come to see us we think you'll be impressed by our client list.

To organise an appointment call:
Gavin Hodder, General Manager



INTERNATIONAL FRANCHISING
Quay Tower, Downtown, Auckland.
Telephone (09) 792-269, P.O. Box 518.



THE COMPUTER
EQUIPMENT
SPECIALISTS

ANDERSON DIGITAL ELECTRONICS

FASTEST DELIVERY

Auckland 883-838 Wellington 893-008 Christchurch 43-001

'If only COWAN'S Fine Art Papers had been around in my day, I could have been famous!'



Portrait of Rembrandt with a feather in his cap. Etching 1.1



Every assistance is given to clarify report findings or to expand on the results of market research. Here a client asks the questions and AGB:McNair provides the answers.

AGB:McNair

For when you need to make vital marketing decisions

Major decisions increasingly need opinion and market information that is reliable, accurate and completely independent. AGB:McNair are unexcelled in the technical design aspects of market research and information systems to improve the reliability of your decision making.

Real national surveying
Only AGB:McNair measure nationally, every week, on a whole range of subjects from tobacco, banking, automotive, insurance, liquor to TV and readership. And nationally means just that; an area proportional survey sample in every statistical area and urban/rural type.

On-going changes in the market place
The constant changes that occur in the market place are continuously monitored and measured by AGB:McNair. Clients to the company's On-going National Monitor, for instance, get more than a quick weekend "snapshot" of the market situation; they get real trend data averaged over the whole period under review.

Improvements in data reliability
AGB:McNair cut no corners in the constant process of improving data reliability. They are the only New Zealand market research company that regularly applies random survey techniques at individual household levels and go back as many as seven times to some areas to interview the correct person. And our interviewers are paid on a time basis—not per interview.



The population distribution of New Zealand Area

Area	Population aged 10 and over	%
Auckland Urban Area	609,000	24
Wellington Urban Area	265,000	10
Christchurch Urban Area	246,000	10
Dunedin Urban Area	94,000	4
Metropolitan Urban Areas	1,214,000	48
Provincial Cities	519,000	21
Boroughs, Towns	414,000	16
Rural	389,000	15
TOTAL	2,536,000	100.0%

From this table it can be seen that less than half of the population 10 years and over live in one of the four main metropolitan centres. Slightly over 30% of the population live outside any city, with about half of these living in boroughs and towns, and the other half living in true rural areas. All have considerable buying power, but different habits, opinions and purchasing behaviour. You have to reach them all and only AGB:McNair regularly covers them all.

Why you need this standard of research
New Zealand is not a country made up of a handful of major cities; so you cannot expect a city-only-survey to represent the nation. More than most countries the people are not stay-at-homes — so a survey sampling only those home at first call obviously distorts the true picture.

Only AGB:McNair know just how important these two quality factors alone can be.

Consider the following and whether a survey without these two quality factors can be reliable enough when important decisions have to be made.

Recorded Incidence by location

	City Dwellers	Towns/Rural
Cola drinkers	24%	18%
Heavy Tea drinkers	20%	26%
Frequent Deodorant Users	53%	42%
Interest in Rugby	34%	40%
Readership of Time	16%	9%
"Close to Home" viewing	37%	47%

Recorded Incidence by number of calls required to obtain interview.

	one call	two or more calls*
Overseas Air Travellers	32%	39%
Deodorant Users	62%	70%
Credit Card Holders	19%	23%
Readers of Morning Metropolitan Newspapers	38%	45%
Cinema attenders	47%	53%
"Coronation St" viewing	32%	26%

*i.e. "harder to contact people"

Information the way you want it

The primary function of AGB:McNair's full time computer analysts and programmers is to constantly upgrade the company's capabilities in the area of instant data analysis in the form you want it — not necessarily how the computer would normally produce it. An on-line instant access system already operates for two major services with all other services coming on-line within the next twelve months. The result will be a whole new approach to marketing information systems.

Investing in people and training

In 1981 AGB:McNair expanded its operation to include four new highly qualified graduates. With a team of three New Zealand share-holding Directors, four senior department heads and five project managers, AGB:McNair is capable of conducting a vast range of studies from individual small-scale qualitative work to its 11,000 people sample size On-going National Monitor. The diversity of the company's client list reflects this wide ranging capability. And extensive training extends to fieldworkers, auditors, data processors, printers — all vital people in AGB:McNair.

We listen to you

Any marketing research project is only as good as the briefing received from the client or client group. Every aspect of your requirement is covered in precise detail; we check and double check every step of the way. From the outset, we work to achieve a degree of mutual satisfaction. When you are satisfied — we are satisfied.

AGB:McNair — Proud of what we do and how we can help you

- Careful and sensitive design
- Superior professional data collection
- Advanced computer analyses
- Heavy investment in new services
- Above all the knowledge that our clients benefit by being able to depend on AGB:McNair research.



David O'Neill, a senior Director of AGB:McNair has guided many New Zealand companies and organisations in the formulation of their research and information requirements.



Here an operator uses the terminal facility to obtain additional information from the data base. Terminals are available for use in AGB:McNair offices or in client's own premises.

AGB:McNair — Who are we?

This is the new name for McNair Surveys NZ Ltd. During 1980, the McNair Organisation was partly bought out by AGB Research Ltd (Audits of Great Britain), a public company registered in the United Kingdom. This giant group which operates throughout Europe is now becoming heavily involved in Australasia and South East Asia.

As a result of this association AGB:McNair can provide investment and expertise in New Zealand market research and information systems to a far greater degree than has ever been previously available.

New Zealand Directors whom you should contact are:
Richard Todd, Managing Director
David O'Neill, Director
Ron Stroeve, Director

Current Services

On-going

By tying in with one of these services you may be able to save time and money in achieving your market research goals.

Prime Prospect Profiles
Radio Audience Surveys
National Readership Surveys
Farmer Readership Surveys
National Television Audience Surveys
All media and specific media profiles
The on-going wine drinker profiles
On-going National Market and Opinion Monitor
On-going National Awareness Monitor

Custom-designed

Alternatively, David O'Neill and others can help you by designing a specific research programme to obtain the information you need.

Custom-designed
Concept testing
Advertising testing and measurement
Store audits
"Starch" measurement studies
Rural and farmer personal interview studies
Regional Surveys
In-depth attitudinal and problem related surveys
Omnibus Surveys (completely national)
Traffic counts
Staff attitudinal studies
Opinion measures
Purchase behaviour studies



AGB:McNair
Marketing Research and Information Systems

McNair Surveys NZ Ltd
17 Harewood Street, Takapuna
Auckland 9 NZ. Telephone 492-144
Telex No 21018
P.O. Box 33-819 Takapuna

Wellington
Wellington Trade Centre
11 Sturdee Street, Wellington
Telephone 642-448
P.O. Box 11-364 Wellington NZ

McNair Surveys NZ Limited and its associate company McNair Anderson Associates Pty Limited are subsidiaries of AGB Research Limited, the largest market research and information organisation in Europe and the United Kingdom.

John 10 116

Lemington investors dispute savings in scheme

by Rae Mazengarb

LEMMINGTON Holdings, the Penrose-based firm which says its creative thinking has produced an idea that "transforms your tax bill into a fully-guaranteed profit-making venture", faces disputes with some investors.

After three Lemington contract-holders made their dissatisfaction known to *NBR*, company secretary Barry Waller expressed surprise at the claims. But he said Lemington's business was complicated and "most companies have matters in dispute".

Lemington promotes its "idea" with literature which includes a pamphlet called *Tax Saving is Sensible Business*.

"Combining Scott's canniness (that's where the Lemington comes from) with Kiwi ingenuity and entrepreneurial flair, Lemington Holdings has put together a proposal which makes you an exporter, and eligible for all the tax savings available to exporters," the pamphlet says.

According to the last annual return in the Companies Office, Lemington has a paid-up capital of \$1 million; 999,999 of the \$1 shares are owned by governing director Lance Baillie.

The company has two wholly-owned subsidiaries, Dina Plastics Ltd. and Steel Tool and Dies Ltd. Other associated companies are Tadem Marketing Ltd, Tadem Marketing (Australia) Pty Ltd, and Lemington Holdings (Australia) Pty Ltd.

In its publicity material, Lemington claims total assets of \$3.5 million, shareholders' equity of \$1.6 million, and a turnover exceeding \$4 million (which is expected to reach \$20 million in two years).

In Lemington's "idea", the taxpayer/investor buys a share in the ownership of a plastics moulding die. Steel Tool and Dies Ltd makes the die.

The taxpayer/investor then contracts with Dina Plastics Ltd to produce plastic goods which are marketed through Tadem, and in turn through Tadem (Australia). American sales are also planned, Lemington says.

Included in the packaged transaction are an option to the investor to require Lemington to buy the die back at the end of the contract for 12.9 per cent of the purchase price, and a guarantee from Lemington that, subject to certain conditions, it will guarantee a minimum recovery from product sales or pay the shortfall.

Lemington acknowledges that every contract makes profits for Lemington.

"Lemington Holdings makes a good profit on the sale of the die to enable them to provide the dynamic manufacturing and marketing services vital to the success of servicing the local and overseas markets. And they earn a 10 per cent commission on sales made," the company's publicity material says.

Contracts with good sales of product can also make profits for the investor. Because of export incentives, allowances, and tax deductions, an investor can secure an immediate deferral of his income tax, and the prospect of a reduction in the final total payments to the department.

But if sales are lower than expected, the tax deferral can be followed by liabilities which in the end total more than the tax

liabilities the investor originally faced.

To overcome this situation, Lemington offers its guarantee. But the guarantee (which includes a copyright claim by Lemington on every page) contains clauses which reduce Lemington's obligations in some circumstances and make the guarantee null and void in others.

Issued to investors with the papers is a notice which warns that all documents are

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

About 15 per cent of these sales would be ploughed back as export market expenditure.

Over the three years, tax savings estimated at \$120,000 would occur if sales were achieved and the investor (or investors — a number could jointly invest) was liable to tax at 60 cents in the dollar.

Lemington's guarantee in this case was that "in the unlikely event that there aren't

contracts, which are constructed to take full advantage of depreciation allowances, export investment allowances of 20 per cent, and regional development allowances of 20 per cent, depend on good overseas sales. Investors say that products which have been pushed hard have achieved good export sales, but that others have had sales far short of the levels needed to produce tax savings.

The price of the original

million during the next three years.

When you stand for excellence you don't compromise

In New Zealand, Mercedes-Benz is represented by
Cable-Price Corporation Limited



copyright and that: "Material from these documents must not be reproduced or published in any way whatsoever in whole or in part without the express written permission of Lemington Holdings Ltd. This restriction includes the copying or extraction of information from these documents in any form or for any purpose."

In dealing with taxpayers who face large tax bills, Lemington is also dealing with business people who do not want publicity, or legal disputes.

Investors who contacted *NBR* generally emphasised that they were in a loss situation because their contracts had not produced sufficient export sales, and that their demand was that Lemington improve sales performance overseas.

Under the contracts, investors are dependent on the performance of Lemington's marketing side. The export

plastics die is high — some say very high — which produces a major depreciation and investment allowance write-off for the investor in the first year.

Lemington quotes examples where tax is reduced almost to nil. This result depends on the high price of the die, and is helped by the fact that Lemington extends deferred payment terms over two or three years so that the investor can find the die cost out of income.

But after the first year, the scheme is more dependent on product sales for its tax benefits.

One inquirer, who did not proceed to a contract with Lemington, told *NBR* the proposal he was offered centred on plastics dies for a common household product. The die would cost about \$300,000, and Lemington, based its calculations on export product sales to Australia of about \$1

enough sales to provide you with benefits equal to your total contribution, Lemington Holdings would make up the difference to 100 per cent of the die price."

One prominent New Zealand businessman who did invest complained to *NBR* that sales achieved of his product were well below those expected. He said Lemington's sales of product were well below those promised in the investment period; but after a promise from Lemington to fulfil the contract, he withdrew his complaints.

A former investor with Lemington told *NBR* he had terminated his contract because of what he called "totally unsatisfactory performance". He claimed that information he had asked for, including details of export earnings, had not been supplied and he had terminated the contract.

An Auckland computer

man said that when he first contacted Lemington about export deals, he had been told all contracts were booked out. Since then, he said he had been approached about eight times and asked to invest. "They are forever pestering and trying to sell hard," he said.

Company secretary Barry Waller told *NBR* he was surprised at the claims. Governing director Baillie was out of New Zealand at the time.

Waller said he had not per-

firm of Wilkinson Wilberforce was Lemington's accountant and auditors.

Asked if they would continue in that role, Waller declined to answer. Rather, he said, "I'm preparing accounts".

The company reported regularly to all contract holders, he said. The company had last reported at the end of February.

The bulk of sales had "occurred quite recently," he said. The Export Institute had no stand on the Lemington arrangements, a spokesman said.

But *NBR* understands some institute members are privately concerned that changes in the

offering as a Government reaction to Lemington's concept.

A brochure detailing Lemington's export schemes up the Development Finance Corporation approved the sale as qualifying for investment allowances, "recognising the Lemington's operation creates valuable manufactured exports".

Waller said he understood the DFC approved the export grants, and did so "speedily".

A DFC official explained that the corporation merely determined "which band they (the export sales) fell into; our role was not to approve or advise".

A commercial judgment had never been asked for on Lemington's behalf, nor had it been made, he said. In short, the Auckland office insisted its involvement was "none at all".

The company advertises a 20 per cent regional development allowance to potential investors.

Waller said the allowance was appropriate, because the company manufactured products north of Warkworth. The factory was operative, although components were manufactured at Takapuna, he said.

Waller did not dispute the suggestion that products which included the components made in Takapuna were getting the benefit of a regional development allowance, but said: "We're looking at more extensive manufacture in a regional development area."

Inland Revenue declined to talk about Lemington.

Lemington Holdings (see *NBR*, April 6) was formed in mid-1979, incorporating Baillie's old company, NZ Tool and Die Exchange. The company moved into exports and apparently took off.

Some 15 charges are registered against the company for individual amounts of up to \$207,000, according to Companies Office records.

Referring to registered charges, Waller said people who took contracts in effect were term debtors.

The company had to finance current activity, and the production of plastics moulding was a heavily capital-intensive operation, he said.

Asked if the cost of the dies was excessive, he said the cost was "approved by the Inland Revenue Department". He had not been involved in the calculation of the price.

But it has been suggested that Inland Revenue deals only with principles, and that not done a cost assessment of the dies.

According to court records, a Lance Baillie has initiated legal action against all the partners in Wilkinson Wilberforce.

None of the partners in that firm would say what the action was about and what damages were being sought.

Waller said the Auckland

CER accepted as logical course by Plastics Institute

CLOSER economic relationship with Australia is the most logical path for the plastics industry to follow to develop international trade, according to the Plastics Institute of New Zealand.

Such a relationship will increase trade between the two countries and will have the effect of cutting down imports from "born in the side" third countries, PINZ executive director Bruce Dunlop says.

However, Dunlop points out, benefits will only arise provided import licence is maintained.

The institute has had industry to industry discussions with its Australian counterpart, the Plastics Institute of Australia, three times over the past 18 months and the talks have centred on the

premise that trade can be increased between the two countries at the expense of imports from third countries.

Both PINZ and the PIA are firmly convinced, says Dunlop, that CER can be achieved and will be mutually beneficial.

However, he says an obstacle to progress in this direction is the tariff testing mechanism proposed by the Industries Development Commission for the industry in New Zealand.

PINZ maintained the testing proposals were in direct conflict with the trade liberalisation proposals relating to CER.

The IDC has recommended that in most cases, protective

tariffs would be established after a two-year testing period and import licensing would be phased out over a subsequent three-year period.

On such a basis, the plastics industry in New Zealand could find itself faced with total free trade with Australia after five years.

This is not the intention under CER liberalisation proposals for all industry, which do not lead to total import licensing exemption, even over a longer period, Dunlop claims.

During the course of the industry to industry discussions three principal areas where Government action would create a climate conducive to a CER agreement were identified.

They were:

- The removal of developing country duty preferences as applied to plastics products;

- A long-term commitment by each country to maintain a margin of preference of at least 15 per cent in favour of each other against third countries;

- The amendment of Australian dumping legislation to enable action to be taken in cases where it could be shown that a third country, exporting plastics products to Australia, had used either dumped raw materials purchased at less than world parity prices to produce those goods.

The New Zealand team involved in the industry talks pointed out two further factors

This survey of the plastics industry is prepared by David Peach in association with the Plastics Institute of New Zealand.

critical to any CER agreement from the New Zealand viewpoint.

They argued that New Zealand must retain right of access to world parity priced raw materials, duty and import licensing free, and for the purposes of CER both countries should not be treated as one market in respect of any dumping legislation.

For any CER to work in respect of the plastics industry on both sides of the Tasman, due attention to recommendations, specifically referring to import licensing, that have come from these industry meetings, should be given by the IDC in its recommendations for our industry, they said.

Dunlop said PINZ recommendations to the IDC over CER included:

- That no testing should be conducted at less than the current tariff rates;

- That developing country duty preferences be withdrawn against Taiwan and Korea specifically in respect of Chapter 39 and heading 59.08 of the tariff, and any other so-called developing country where it can be shown that that country has a highly developed plastics industry and considerable production advantages over the New Zealand industry;

- That the materials replacement scheme of import licence issue be amended to permit manufacturers to hold licence;



Bruce Dunlop... sees benefits

- That, unless requested otherwise by specific sectors, the value of import licence issue for tariff testing purposes (whether by tendering or under the MR scheme) be no more than 2 1/2 per cent of any one

sector's production, by volume, for a minimum of five years on a global basis;

- That after two years (subject to the finalisation of an acceptable reciprocal agreement with the Australian Plastics Industry) a further 2 1/2 per cent, by volume, calculated on the same base, be made available for CER access licences and that duties against Australia start to be phased out over five years from that point. Licence progression from that point should be consistent with the agreement between the respective plastics industries in Australia and New Zealand;

- That the question of national pricing be the subject of a reference to the commission, particularly within the context of CER, to establish whether or not maintenance of national pricing is in the interests of New Zealand.

Some legal opinions about The Capital Letter...

"...I always seem to (be) congratulating you on the quality of the publication... It truly is indispensable."

Assistant Professor, Faculty of Law, University of Western Ontario.

"May I compliment you on a fine publication, it says a lot in a few pages, which normally takes hours of frustrating research."

Auckland solicitor.

"I would like to tell you how much we appreciate The Capital Letter. Indeed we cannot imagine how we practiced without it."

Large Auckland law practice.

"Reading the editorial comment in The Capital Letter is increasingly one of the highlights of the working week. Your delightful blend of fact and cynicism is always informative and stimulating. One hopes that the Prime Minister's department subscribes!"

Dunedin solicitor.

"I appreciate your concise presentation of current events, legislation and public affairs."

Director, national organisation.

"Your Capital Letter is indeed a splendid achievement. Official, legal division, Commonwealth Secretariat, London"

"...the publication... consistently achieves the printing of quick, brief decisions on important Court matters; this compared with other legal publications which give a more detailed narrative, frequently with a long commentary by an alleged expert, but available many weeks after the decisions."

Gisborne law practice.

The Capital Letter is widely respected for its unfailing ability to be completely up-to-date with court decisions, statutory regulations, new legislation, and decisions emanating from Parliament, Cabinet, the Judiciary and a range of quasi-judicial tribunals.

To subscribe to The Capital Letter, or to request a free, complimentary copy of the publication, simply fill in the Fourth Estate Subscription Service Coupon elsewhere in this issue.

THE CAPITAL LETTER

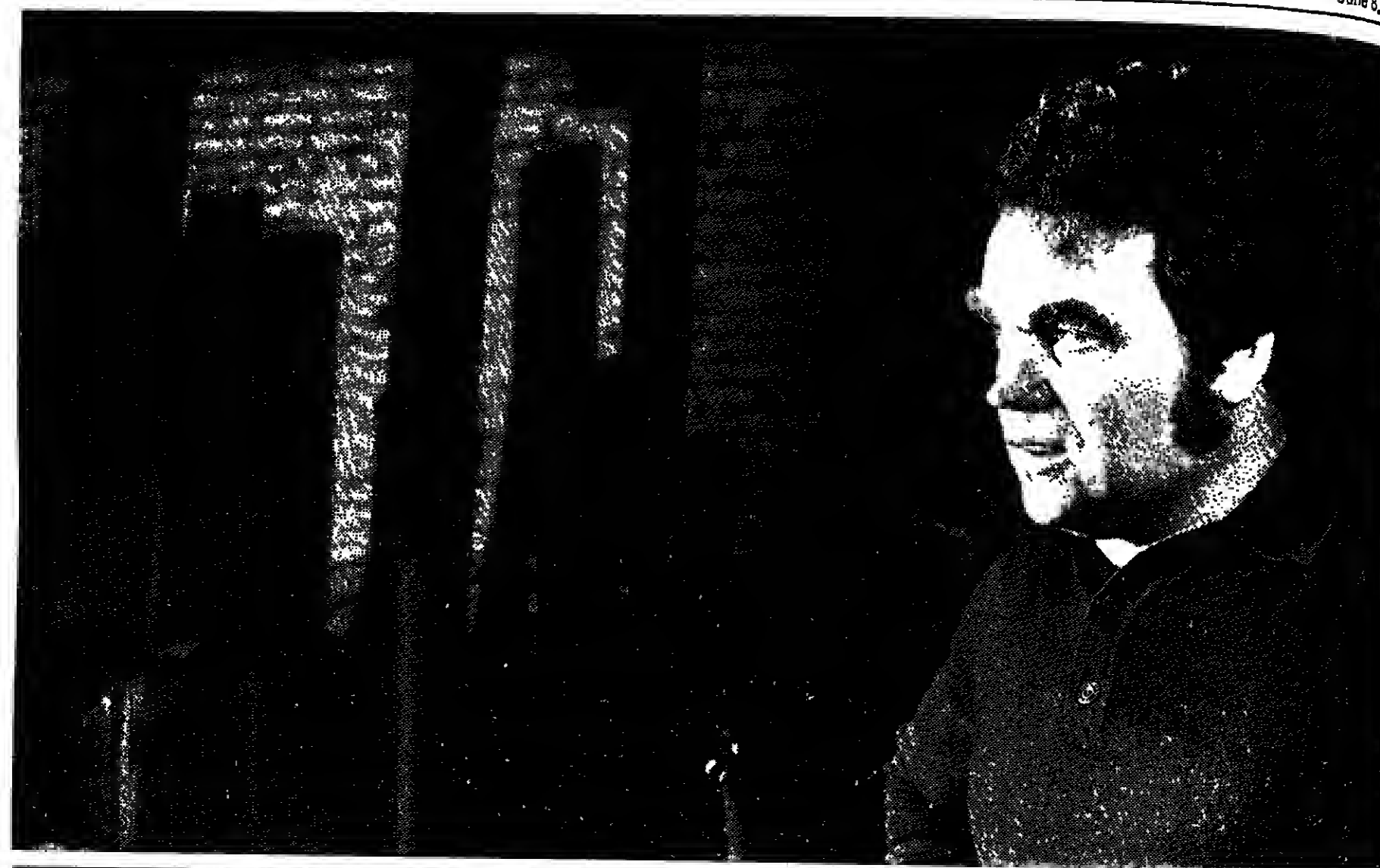
MAXI
puts method into
SMALL PARTS STORAGE & HANDLING
for manufacturing, assembly,
maintenance and despatch

LET HAMILTON PERRY INDUSTRIES INTRODUCE YOU TO THE MOST COMPLETE RANGE OF SMALL PARTS STORAGE AND HANDLING EQUIPMENT EVER OFFERED IN NEW ZEALAND! Maxi is an internationally proven way of streamlining production and assembly areas, maintenance and storage departments, workshop and despatch sections. SAVE TIME, SPACE AND MONEY — GET THE MAXI METHOD WORKING FOR YOU!

STRONG PLASTIC DIBBS are fast, easy to use, and can be used in a variety of ways. They are designed to keep up to 100 small parts in one place.

MAXI EQUIPMENT IS AVAILABLE in a wide range of sizes and configurations to suit your needs. Contact us today for a free brochure and to arrange a demonstration.

HAMILTON PERRY INDUSTRIES
100-102, The Arcade, Auckland 1.
02-363 3333



"SEATS is beneficial for both apprentice and employer

With SEATS the apprentices have already been taught the general basics they need. This means they can be more productive in the workshop sooner. I did my training overseas and this is very much how it's run there. There are little things the boys have to learn in the workshop, but you expect that. With SEATS they've pretty well been pre-selected so it's not so much a matter of luck how they'll turn out.

This way you see their report from the programme and you know that they're dedicated to becoming an engineer. From my personal experience with our apprentice, Mark Warr, I think the scheme is working very well and I'm glad I employed someone from the SEATS programme. I'm sure the scheme will help to fill the gap in qualified tradesmen in New Zealand."

Mr T. Manders,
Alliance Engineering, Wellington.

Here's how the employer benefits

The Special Engineering Apprentice Training Scheme offers many attractive benefits to employers, not the least of which must be the considerable practical experience trainees will possess after the 20 weeks of pre-apprenticeship training. The course also offers employers a high standard of recruitment.

All trainees successfully completing the course will be recommended for First Assessment. As well as this, technical institutes will provide each trainee with an end-of-course report. This pre-employment screening and assessment will vastly reduce the amount of time and money normally spent on staff recruitment. Employers may also be

eligible for a \$40 a week wage subsidy, paid for the first 55 weeks of the apprenticeship. This subsidy applies if SEATS apprentices are hired over and above normal apprentice recruitment. If you require further details or an application form for the SEATS programme please fill in and post the coupon below.

SPECIAL ENGINEERING APPRENTICE TRAINING SCHEME

Commissioner of Apprenticeship
Department of Labour
Private Bag Wellington

DEPARTMENT OF LABOUR

Name
Firm's Name
Address

Plastics

Product tax will hit consumer, say manufacturers

PROPOSALS for introducing a product charge (tax) in New Zealand will have little effect on recycling and the re-use of packaging products but will directly increase consumer prices, according to the New Zealand Manufacturers Federation.

The principle of a product charge related to uncertain costs and unknown benefits of resource recovery is unacceptable, the federation says. This response, in a letter to

the secretary of the Department of Trade and Industry, follows the publishing of a discussion paper on product charges late last year.

In the letter director-general Ian Douglas says his federation already contributes financially and in personnel to the activities of the New Zealand Litter Control Council and firmly believes in voluntary co-operation between Government, local authorities, industry and commerce and in

educating the public. This, says Douglas, is far preferable to any mandatory action, legislation and/or taxes imposed by a central authority.

Douglas says he believes that industry, through its involvement with the litter council, is already being strongly influenced in its packaging decisions.

The pros and cons of new packaging developments and innovations are being evaluated by private decision-makers, also consulting with the

Government and other interested parties, including local authorities.

In its submissions to the Industries Development Commission during the course of the plastics industry study, the Plastics Institute outlined the principal difficulties associated with the recycling of plastics products once they had served out their useful life. Those difficulties related to the collection, transport, cleaning and separation of material types of the products concerned.

The actual recycling operations are, in themselves, not necessarily a technical problem, provided these difficulties can be dealt with on a commercially viable basis, the institute says.

The study paper as presented, says Douglas, has not addressed itself to the practicalities or economics of collection, transport or storage of used materials for reprocessing by local authorities.

"The paper also implies that the cost to local authorities for the collection and disposal of

solid waste can be more efficiently and more economically undertaken by other unspecified organisations, under the co-ordination of Government.

"It offers no evidence, however, to show how these economic benefits will be achieved except that consumers will pay the 'social costs' in place of ratepayers," he says.

Despite much research and discussion, little progress has been made in implementing the product charge concept overseas.

"It has been rejected because the economic benefits would be low in practice, it was unlikely to have any worthwhile effect on the consumption of virgin raw materials, and complex administrative and organisational problems could not be overcome," Douglas says in the letter.

The federation claims there are serious shortcomings in the way such a tax would be imposed. The selection of particular products to be subject to the tax will be difficult "and this is

unlikely to be achieved without arbitrary intervention by government agencies as well as the growth of a co-ordinating department at a time when others are subjected to restricted staff ceilings".

The increase in costs to the consumer engendered by a product charge tax could well lead to a feeling of having already paid for the disposal problem, says Douglas, and could well aggravate the existing problem.

Douglas maintains that the paper implies that "internalising any social costs" arising from the disposal of waste or recycling materials is a desirable objective because the producer is responsible for paying this cost.

"In reality, the consumer would continue to foot the bill because the tax would have to be passed on in pricing.

"In the federation's view, the document is highly theoretical and contains arguments based on hypotheses for which there are not necessarily practical solutions or answers."

Firms take up trade fair subsidy

MORE than six plastics manufacturing companies are expected to take advantage of the Trade and Industry Department-sponsored "Trade assistance scheme" to display and further consolidate their exports in the Australian marketplace.

Under the scheme, the companies will secure display space at Ausplas '82, an international exhibition of plastics products and technology.

The costs of the display space and such associated items as catalogue advertising will be met by the department enabling the companies to participate in the trade fair.

A spokesman for the department's trade fairs section said maximum assistance to the

companies under the scheme would be \$7500.

He said this amount should cover such things as site rental and stand erection, though the costs of specialist individual requirements would have to be met by the exhibitors themselves.

The trade fair assistance has been arranged by the Plastics Institute for its member companies. "Attendance at Ausplas will have long-term benefits for New Zealand manufacturers," says PINZ executive director Bruce Dunlop, "keeping them abreast of the latest technology and manufacturing systems, and giving them opportunity to further develop product exports."

Trade and Industry's trade fairs spokesman said the

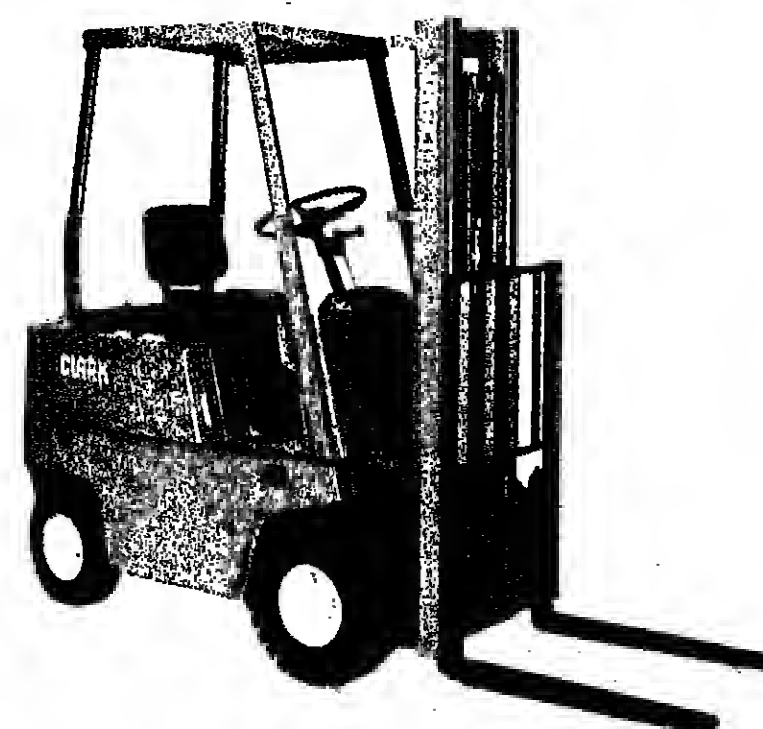
assistance offered was in recognition of the national importance of plastics.

He said assistance under the scheme was available to any group of New Zealand manufacturers affiliated to a recognised trade group.

The scheme, formerly the ad-hoc participatory fund set up in 1979, aims to provide assistance to trade groups wishing to participate in trade fairs anywhere in the world that do not fall within the main programme of fairs as selected by the department.

All aspects of organisation for participation and additional associated costs are the responsibility of the nominating trade body and the exhibitors, and items for display must be products of New Zealand industry.

THOUGHT ABOUT HIRING?



We can offer SHORT or LONG Term Rental or Hireage for Seasonal or Peak Load Requirements.
Ring For A Quote.

HAINES FORKTRUCK
HIRE LTD.

P.O. Box 38546
Petone

Phones: 688-638
688-874

Planning business in Christchurch? We're in business to help

The Avon Motor Lodge or the Avon Park Hotel, preferred by in-the-know business people for superior service, better all-round business facilities.

Just check this list:

- Superior accommodation - a total of 150 comfortable, fully serviced rooms with tea and office-making facilities
- Reasonable rates - we work on company rates
- Beautifully situated - both hotels overlook the Avon and are within easy walking distance of the city centre
- Friendly, relaxed atmosphere - Reservations through flag trunks, freeline or Telex direct
- Quick, comfortable bus and taxi services - superb cuisine
- Coffee shoppe snack menu available all day
- Comprehensive conference and special functions facilities
- Display rooms and an all-day service for selling
- On-hour meals - a must for busy business people



welcome
AVON MOTOR LODGE
356 OXFORD TERRACE. TEL. 791-180 TELEX 4382
AVON PARK HOTEL
50 PARK TERRACE. TEL. 794-560 TELEX THROUGH 4382